药明巨诺
JW Therapeutics

JW (Cayman) Therapeutics Co. Ltd

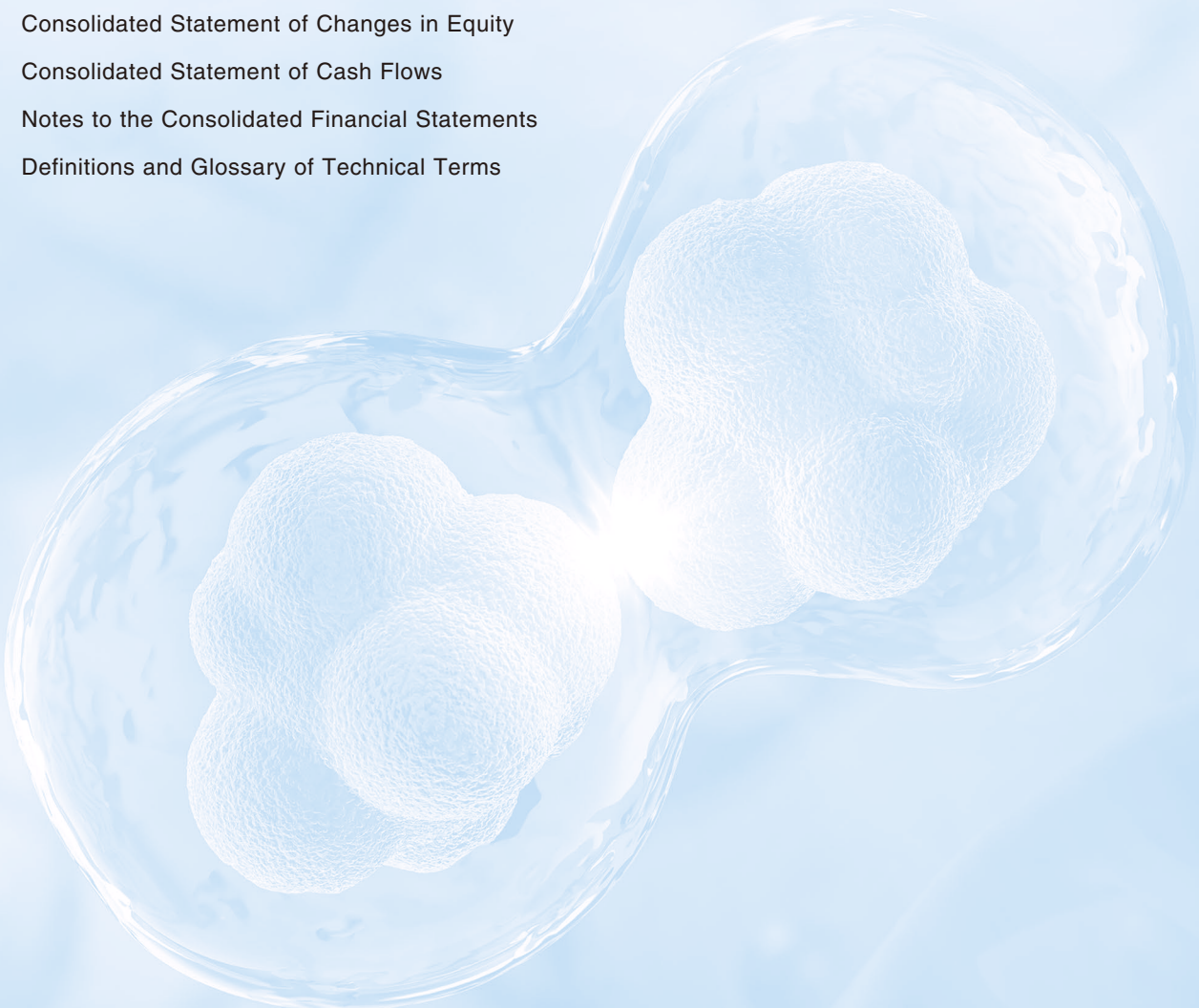
藥明巨諾(開曼)有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2126

ANNUAL REPORT
2024

* For identification purpose only

Contents



Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. Min Liu (劉敏) *(Chairman)*[1]

Non-executive Directors

Dr. Yiping James Li[2]
Ms. Xing Gao (高星)[7]
Dr. Sungwon Song
Dr. Cheng Liu

Independent Non-executive Directors[3][4]

Mr. Kin Cheong Kelvin Ho (何建昌)[5]
Dr. Debra Yu
Mr. Peng Kuan Chan (陳炳鈞)[8]

AUDIT COMMITTEE

Mr. Kin Cheong Kelvin Ho (何建昌) *(Chairman)*[5]
Ms. Xing Gao (高星)[7]
Mr. Peng Kuan Chan (陳炳鈞)[8]

REMUNERATION COMMITTEE

Dr. Debra Yu *(Chairman)*[6]
Dr. Sungwon Song
Mr. Peng Kuan Chan (陳炳鈞)[8]

NOMINATION COMMITTEE

Mr. Kin Cheong Kelvin Ho (何建昌) *(Chairman)*[5]
Mr. Min Liu (劉敏)[1]
Dr. Debra Yu

BUSINESS DEVELOPMENT AND STRATEGY COMMITTEE

Dr. Debra Yu *(Chairperson)*[6]
Mr. Min Liu (劉敏)[1]
Ms. Xing Gao (高星)[7]

COMPANY SECRETARY

Ms. Ka Man Ng (吳嘉雯)

AUTHORIZED REPRESENTATIVES

Mr. Min Liu (劉敏)[1]
Ms. Ka Man Ng (吳嘉雯)

HONG KONG LEGAL ADVISORS

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

1. Mr. Min Liu has been appointed as the chief executive officer of the Company, an executive Director, a member of the Nomination Committee and the Business Development and Strategy Committee, and the authorized representative of the Company with effect from July 31, 2024. On March 13, 2025, Mr. Liu has been appointed as the chairman of the Board following the stepping down of Dr. Yiping James Li from his role as the chairman of the Board.
2. Dr. Yiping James Li has resigned as the chief executive officer of the Company and has been redesignated as a non-executive Director with effect from July 31, 2024. Dr. Yiping James Li ceased to be the chairman of the Nomination Committee and a member of the Business Development and Strategy Committee, and the authorized representative of the Company with effect from July 31, 2024. On March 13, 2025, Dr. Yiping James Li has stepped down from his role as the chairman of the Board.
3. Dr. Ann Li Lee has resigned as an independent non-executive Director and the chairman of the Remuneration Committee with effect from July 31, 2024. Dr. Krishnan Viswanadhan has resigned as an independent non-executive Director, the co-chairperson of the Business Development and Strategy Committee and a member of the Nomination Committee with effect from July 31, 2024.
4. Mr. Yiu Leung Andy Cheung has been appointed as a member of the Remuneration Committee and ceased to be a member of the Nomination Committee with effect from July 31, 2024. Mr. Cheung has resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee with effect from August 28, 2024.
5. Mr. Kin Cheong Kelvin Ho has been appointed the chairman of the Nomination Committee and ceased to be a member of the Remuneration Committee with effect from July 31, 2024. Mr. Ho has been redesignated as the chairman of the Audit Committee with effect from August 28, 2024.
6. Dr. Debra Yu has been appointed the chairman of the Remuneration Committee with effect from July 31, 2024. Following Dr. Krishnan Viswanadhan's resignation, Dr. Debra Yu became the sole chairperson of the Business Development and Strategy Committee, with effect from July 31, 2024.
7. Ms. Xing Gao has been appointed as a member of the Business Development and Strategy Committee with effect from July 31, 2024.
8. Mr. Peng Kuan Chan has been appointed as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee with effect from August 28, 2024.

REGISTERED OFFICE

The offices of Maples Corporate Services Limited
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Grand Cayman, KY1-1104
Cayman Islands

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PRINCIPAL SHARE REGISTRAR

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Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
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PRINCIPAL BANKER

China Construction Bank
Shanghai Free Trade Zone Branch
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Shanghai
PRC

AUDITOR

Deloitte Touche Tomatsu[9]
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

STOCK CODE

2126

COMPANY'S WEBSITE

www.jwtherapeutics.com

9. Deloitte Touche Tohmatsu has been appointed as the auditor of the Company with effect from October 31, 2024.

Chairman's Statement

Dear JW Therapeutics Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the 2024 annual report of the Group.

In 2024 we made significant progress on the development of Carteyva® for the treatment of hematological malignancies, advanced relma-cel as a potential treatment for SLE, and progressed development of our products for the treatment of solid tumors.

- In the field of hematological oncology, we received NMPA approval of our supplemental NDA relating to Carteyva® as a treatment for patients with r/r MCL in August 2024. As a result, Carteyva® has become not only the first cell therapy product approved in China for r/r MCL but also the first with three approved indications in China. We also completed patient enrollment in our phase II registrational clinical trial of Carteyva® as a second-line therapy for transplant-ineligible patients with r/r LBCL in the fourth quarter of 2024. The NMPA granted Breakthrough Therapy Designation to Carteyva® for this line of treatment in January 2025.

- In the field of autoimmune diseases, initial trial data from IIT relating to relma-cel as a treatment for SLE were reported at the 2024 European Alliance of Associations for Rheumatology Congress. Based on the promising preliminary results of the IIT, we commenced a phase I clinical trial of relma-cel as a treatment for SLE in May 2024, patient enrollment was completed by the end of 2024.

- In the field of solid tumors, we have started patient enrollment in a clinical trial of our MAGE-A4 TCR-T product, and dose escalation is ongoing. MAGE-A4 is a highly promising target, and based on our process development capabilities, we believe that we will be able to achieve good clinical results on MAGE-A4 in some potential solid tumor indications.

With respect to commercialization, we generated nearly RMB160 million in revenue through sales of Carteyva® in 2024, which was within our expectations and broadly stable versus 2023 despite the challenging external environment. We made major adjustments to our sales team in the second half of 2024 and expect to realize the benefits of that initiative throughout 2025. As of year-end 2024, Carteyva® has been included in 102 public insurance programs and over 80 commercial insurance programs, which we believe will greatly improve affordability of Carteyva® for patients.

Our manufacturing operations continued to perform at a high level. Once again we maintained a manufacturing success rate of 98% for Carteyva® in 2024, which compares very favorably to international benchmarks. We have also continued to implement our cost reduction plans, and we have completed domestic substitution of many raw materials. As a result, our gross margin for 2024 was 48.9%, broadly stable versus 2023.

Looking ahead to 2025, we will focus our efforts on driving progress in three main areas:

- *Continued cost reduction*. We will continue to promote domestic substitution of raw materials. In addition, we have made good progress on our plans to establish our own capacity for production of commercial-grade lentiviral vector, which we currently expect to complete in 2026. This is expected to generate a significant reduction in production costs in the medium-to longer term.

- *R&D*. We will continue to drive development of Carteyva® for treatment of additional hematologic malignancies and for treatment of autoimmune diseases. After we submit our upcoming NDA relating to Carteyva® as a treatment for 2L LBCL, we will strive to obtain NMPA approval of the NDA as expeditiously as possible to benefit more patients. We will also continue to progress our clinical studies relating to relma-cel as a treatment for autoimmune diseases such as SLE, where China has a large patient population with huge unmet needs and a large potential market space.

- *Business cooperation opportunities*. As a leading cell therapy company in China, we will actively seek business cooperation opportunities with domestic and foreign partners in multiple fields, including pipelines and sales. This approach has the potential not only to improve the efficiency of clinical development but also to generate positive cash flows for our Company.

On behalf of the Company's Board, management and employees, I would like to express our sincere appreciation to the Shareholders for your continuous support and trust. We remain fully dedicated to our mission of bringing breakthrough and quality cell immunotherapy products and the hope of a cure to patients in China and worldwide, and to leading the healthy and standardized development of China's cell immunotherapy industry.

Min Liu
Chairman and Chief Executive Officer

Financial Highlights

IFRS MEASURE:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**158,218**	173,856
Cost of sales	**(80,902)**	(85,637)
Gross profit	**77,316**	88,219
Other income	**6,873**	8,249
Other gains and losses	**(147,554)**	(219,215)
Selling expenses	**(140,413)**	(113,196)
General and administrative expenses	**(120,068)**	(140,048)
Research and development expenses	**(282,989)**	(413,616)
Finance income	**28,431**	34,026
Finance costs	**(12,220)**	(12,415)
Finance costs — net	**16,211**	21,611
Loss before tax	**(590,624)**	(767,996)
Income tax expense	**—**	—
Loss for the year	**(590,624)**	(767,996)
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**39,627**	86,460
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(1,388)**	(23,902)
Other comprehensive income for the year	**38,239**	62,558
Total comprehensive expense for the year	**(552,385)**	(705,438)
LOSS PER SHARE		
— Basic and diluted *(RMB)*	**(1.43)**	(1.87)

- **Revenue** was RMB158.2 million for the year ended December 31, 2024, representing a decrease of 9.0% from RMB173.9 million for the year ended December 31, 2023. This decrease was primarily attributable to the execution of the Group's optimization strategies in relation to its commercial initiatives, coupled with the pursuit of organization effectiveness program of its commercial personnel, in the second half of 2024, and the intrinsic value derived from these strategies has yet to be reflected in the revenue. We expect to experience a renewed increase in revenue from sales of Carteyva® in the coming period, which has a superior product profile that could bring breakthrough value to patients, and additional indications are expected to be approved.

- **Gross profit** was RMB77.3 million for the year ended December 31, 2024, representing a decrease of 12.4% from RMB88.2 million for the year ended December 31, 2023. Gross profit margin of sales was 48.9% for the year ended December 31, 2024, representing a decrease from 50.7% for the year ended December 31, 2023. This decrease was primarily attributable to the increasing price from imported raw material and the decreased revenue generated from the sales of Carteyva®.

- **Selling expenses** amounted to RMB140.4 million for the year ended December 31, 2024, representing an increase of 24.0% compared to RMB113.2 million for the year ended December 31, 2023. This increase was primarily attributable to the increase in business promotion fees, which rose from RMB48.4 million in 2023 to RMB97.2 million in 2024, resulting from our exploration of various commercialization approaches in 2024. While some of the approaches in 2024 proved less aligned with the Company's needs and incurred certain costs, the broader initiative to explore diverse approaches has significantly enhanced our understanding of the market landscape. We are confident that it will serve as a valuable foundation for propelling our future business.

- **General and administrative expenses** amounted to RMB120.1 million for the year ended December 31, 2024, representing a decrease of 14.2% from RMB140.0 million for the year ended December 31, 2023, primarily attributable to a decrease in office expenses and professional service fees.

- **Research and development ("R&D") expenses** amounted to RMB283.0 million for the year ended December 31, 2024, representing a decrease of 31.6% from RMB413.6 million for the year ended December 31, 2023. This decrease was primarily attributable to: (i) a decrease of employee benefit expenses from RMB173.8 million in 2023 to RMB114.3 million in 2024 as a result of optimization of the Group's R&D workforce; and (ii) a decrease in expenses relating to R&D materials and testing and clinical fees which was in line with R&D study progress.

- **Other gains and losses** amounted to RMB147.6 million for the year ended December 31, 2024, as compared to RMB219.2 million for the year ended December 31, 2023. The decrease was in part attributable to a decrease of 27.0% in the impairment of license to RMB132.3 million in 2024, compared with RMB181.2 million in 2023, which reflected the decreased risk for JWATM204/214, as Eureka started phase II study in the United States in 2024. The impairment of license was mainly related to product JWATM204/214 and JWCAR129 based on an adjustment noted in the valuation report prepared by an independent valuer, which took into account a variety of factors including the level of complexity of R&D pathways, the time and resources that might be required in advancing in-depth analysis with clinical data, and the overall R&D investment efforts required to work toward commercialization. The Company estimates that these factors may eventually result in an increase in the level of R&D efforts and other resources required and may affect the possibility of success, gross margin and pre-tax discount rate, which gave rise to a decline in the recoverable amount of the cash generating unit and caused the recognition of impairment loss. In addition, it was also attributable to a decrease of approximately RMB21.7 million in net foreign exchange losses due to milder weakening of the Renminbi ("**RMB**") against the U.S. dollar ("**USD**") and the HK dollar ("**HKD**") in 2024 compared with 2023. Net foreign exchange losses mainly arose from the unrealized foreign exchange loss as a result of the continuous weakening of RMB against USD and HKD when exchanging from the transactional currency (RMB) to the functional currencies (USD and HKD) for our offshore companies within the Group.

- **Loss for the year** was RMB590.6 million for the year ended December 31, 2024, as compared to RMB768.0 million for the year ended December 31, 2023. The decrease was primarily attributable to: (i) decreased general and administrative expenses primarily due to a decrease in office expenses and professional service fees; (ii) decreased R&D expenses primarily attributable to the reduction of employee benefit expenses and expenses relating to R&D materials and testing and clinical fees; (iii) decreased net foreign exchange losses due to milder weakening of RMB against USD and HKD in 2024 compared with 2023; and (iv) the decreased provision for the impairment of license related to product JWATM204/214 and JWCAR129 based on an adjustment noted in the valuation report prepared by an independent valuer, which took into account a variety of factors including the level of complexity of R&D pathways, the time and resources that might be required in advancing in-depth analysis with clinical data, and the overall R&D investment efforts required to work toward commercialization. The Company estimates that these factors may eventually result in an increase in the level of R&D efforts and other resources required and may affect the possibility of success, gross margin and pre-tax discount rate, which gave rise to a decline in the recoverable amount of the cash generating unit and caused the recognition of impairment loss. The effect of the factors mentioned above were partially offset by (i) decreased revenue and gross profit generated from sales of Carteyva®; and (ii) increased selling expenses resulting from the increase in business promotion fees.

- **Bank balances and cash** amounted to RMB757.4 million as at December 31, 2024, representing a net cash outflow of RMB248.5 million for the year ended December 31, 2024 compared to RMB1,005.9 million for the year ended December 31, 2023.

	For the year ended December 31,				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Operating results					
Revenue	—	30,797	145,702	173,856	**158,218**
Cost of sales	—	21,752	86,946	85,637	**80,902**
Gross profit	—	9,045	58,756	88,219	**77,316**
General and administrative expenses	231,294	201,518	179,763	140,048	**120,068**
Research and development expenses	225,215	414,397	407,818	413,616	**282,989**
Selling expenses	13,268	170,732	190,877	113,196	**140,413**
Other income	1,322	6,444	23,380	8,249	**6,873**
Other gains/(losses), net	27,617	12,075	(159,561)	(219,215)	**(147,554)**
Loss for the year	(1,663,803)	(702,328)	(846,135)	(767,996)	**(590,624)**
Loss per share					
Basic and diluted (RMB Yuan)	(12.61)	(1.76)	(2.06)	(1.87)	**(1.43)**

	As at December 31,				
	2020	2021	2022	2023	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Financial position					
Total current assets	2,647,359	1,895,040	1,485,168	1,067,484	**808,673**
Total non-current assets	1,132,133	1,221,566	1,306,179	1,078,613	**871,691**
Total assets	3,779,492	3,116,606	2,791,347	2,146,097	**1,680,364**
Total current liabilities	237,045	198,900	310,835	264,469	**465,054**
Total non-current liabilities	112,712	126,849	126,228	197,790	**46,145**
Total liabilities	349,757	325,749	437,063	462,259	**511,199**
Net current assets/(liabilities)	2,410,314	1,696,140	1,174,333	803,015	**343,619**
Total equity/(deficit)	3,429,735	2,790,857	2,354,284	1,683,838	**1,169,165**

NON-IFRS MEASURE

To supplement the Group's consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted loss[1] for the year as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that these adjusted measures provide useful information to Shareholders and potential investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

Adjusted loss[1] was RMB405.5 million for the year ended December 31, 2024, representing a decrease of RMB109.0 million from RMB514.5 million for the year ended December 31, 2023. The decrease was primarily due to: (i) decreased general and administrative expenses primarily due to a decrease in office expenses and professional service fees; and (ii) decreased R&D expenses primarily attributable to the reduction of employee benefit expenses and expenses relating to R&D materials and testing and clinical fees.

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items and one-time events, namely share-based compensation expenses, impairment of license and net foreign exchange losses. The term adjusted loss for the year is not defined under IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-IFRS measure reflects our core operating results by eliminating potential impacts of items that our management do not consider to be indicative of our core operating performance, and thus, facilitate comparisons of core operating performance from period to period and company to company to the extent applicable. The table below sets forth a reconciliation of loss to adjusted loss for the years indicated:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Loss for the year	**(590,624)**	(767,996)
Added:		
Share-based compensation expenses	**37,309**	34,965
Impairment of license	**132,258**	181,208
Net foreign exchange losses	**15,597**	37,324
Adjusted loss for the year (Non-IFRS)	**(405,460)**	(514,499)

[1] Adjusted loss for the year is not a financial measure defined under IFRS. It represents the loss for the year excluding the effect of the following non-cash items: (a) share-based compensation expenses; (b) impairment of license; and (c) net foreign exchange losses. For the calculation and reconciliation of this non-IFRS measure, please refer to "Management Discussion and Analysis — Financial Review — 11. Non-IFRS Measure" in this report.

For the year ended December 31, 2024, as an independent, innovative biotechnology company focused on developing, manufacturing and commercializing cell immunotherapy products, we have made significant further progress in our business, achieved important milestones, and comprehensively enhanced operation efficiency, such as the stable gross profit margin, expanded marketing initiatives with efficient control on selling expenses, streamlined organization and reduced net cash outflow. Our lead product, Carteyva®, continued to make progress in its commercialization. Additionally, our outstanding clinical development and operational capabilities led to the National Medical Products Administration of China ("**NMPA**") approval of our investigational new drug ("**IND**") application relating to Carteyva® as a second-line therapy for transplant-ineligible patients with r/r LBCL, and we have commenced patient enrollment in the related clinical trial. The NMPA further approved our supplemental New Drug Application ("**sNDA**") relating to Carteyva® as a treatment for patients with r/r mantle cell lymphoma ("**MCL**"). Carteyva® is the first cell therapy product approved in China for the treatment of patients with r/r MCL. Moreover, we have made significant progress in developing innovative products with global commercialization potential.

Since the beginning of 2024, we have achieved the following significant milestones in our business:

Commercialization

- We continued to execute our cost reduction plans in 2024, which enabled us to further reduce manufacturing cost of sales per batch and to maintain a relatively stable gross profit margin of 48.9% in the year ended December 31, 2024.

- As of December 31, 2024, Carteyva® has been listed in more than 80 commercial insurance products and 102 local governmental complementary medical insurance programs.

- We enhanced our commercialization strategy with a streamlined organization to drive our sales revenue.

Research and Development

Hematologic malignancies

- With respect to our phase II registrational clinical trial for Carteyva® as a second-line therapy for transplant-ineligible patients with r/r LBCL, we completed patient enrollment in the second half of 2024. The NMPA had granted Breakthrough Therapy Designation to Carteyva® for this indication, the primary endpoint was met, and we plan to submit an NDA application in the first half of 2025.

- In January 2024, the NMPA accepted our sNDA relating to Carteyva® as a treatment for adult patients with r/r MCL. Previously the NMPA granted Breakthrough Therapy Designation and Priority Review to Carteyva® for this indication. In August 2024, the NMPA approved our sNDA relating to Carteyva® for the treatment of adult patients with r/r MCL after two or more lines of systemic therapy including bruton tyrosine kinase inhibitors ("**BTKi**"). We plan to publish related clinical study data by the end of 2025.

- In the second half of 2024, we announced the commencement of a first in human investigator-initiated trial ("**IIT**") study relating to JWCAR201 (dual CAR-T), focusing on hematologic malignancies and patient enrollment in this study is currently ongoing.

Autoimmune diseases

- With respect to the ongoing IIT relating to relma-cel as a treatment for systemic lupus erythematosus ("**SLE**"), initial trial data were reported at the 2024 European Alliance of Associations for Rheumatology Congress.

- Based on the promising preliminary results of the IIT study, we commenced a phase I clinical trial of relma-cel as a treatment for SLE in May 2024. By the end of 2024, the patient enrollment was nearly completed.

- In late 2024, we announced the commencement of a first-in-human IIT study relating to JWCAR201 (dual CAR-T), focusing on autoimmune diseases, and patient enrollment of this study is currently ongoing.

Solid tumors

- In the first half of 2024, we commenced clinical development of cell therapy products directed to melanoma-associated antigen A4 ("**MAGE-A4**") and Delta-like canonical Notch ligand 3 ("**DLL3**"), based on the rights that we in-licensed from 2seventy bio, Inc. ("**2seventy bio**") and Juno Therapeutics Inc. ("**Juno**"), respectively, in the second half of 2022. 2seventy bio's oncology and autoimmune research and development programs were subsequently acquired by Regeneron Pharmaceuticals Inc. ("**Regeneron**"). With the scientific expertise of Regeneron and Juno in cell therapy, we anticipate that the combination with the Company's own expertise will enable us to further advance our R&D capabilities.

Discovery and Early Research

Our early research and development efforts focus on innovative pipeline products, leveraging our established infrastructure and expertise. The Company aims to expand internationally without regional restrictions. The new pipeline targets hematological cancers, solid tumors and autoimmune diseases, with "Armor" elements designed in-house to enhance the CAR therapies' efficacy and durability. One of our first in-house developed products will be a dual targeting autologous CAR T-cell therapy designed for B-cell malignancies and autoimmune diseases, which is expected to have a broader range of effectiveness, increased signaling threshold, and significantly reduced risk of relapse due to antigen downregulation or loss that is commonly observed in hematological cancers. Another two new CAR products for solid tumor indications are engineered for global commercialization. In addition, we are exploring innovative approaches to simplify the manufacturing process through non-viral methods and off-the-shelf CAR products. This strategic approach aims to deliver potent therapies to patients efficiently while managing costs.

Manufacturing

- We continued to maintain the manufacturing success rate of 98% for Carteyva®, close to the level that we obtained in our LBCL registrational clinical trial.

- We continued to implement our cost reduction plans in 2024, which include procurement of important raw materials from domestic suppliers. As of December 31, 2024, we continued to source materials from domestic suppliers with high quality and lower costs, and going forward we aim to source additional raw materials from reputable domestic suppliers.

BUSINESS REVIEW

Overview

The Company is an independent, innovative biotechnology company focused on developing, manufacturing and commercializing cell immunotherapy products. Since our founding in 2016, we have built an integrated platform for product development in cell immunotherapy, as well as a product pipeline covering hematologic malignancies, solid tumors and autoimmune diseases. We are committed to bringing breakthrough and quality cell immunotherapy products and the hope of a cure to patients in China and beyond, and to leading the healthy and standardized development of China's cell immunotherapy industry.

We are an early entrant into the field of cell-based immunotherapy in China. Cell-based immunotherapies, including CAR-T treatments, are an innovative treatment method that uses human immune cells to fight cancer, representing a paradigm shift in cancer treatment. Our lead product, Carteyva®, is an autologous anti-CD19 CAR-T cell immunotherapy product independently developed by us based on a CAR-T cell process platform of Juno (a Bristol Myers Squibb company). Carteyva® has been approved by the NMPA for three indications, including the treatment of adult patients with r/r LBCL after two or more lines of systemic therapy, the treatment of adult patients with r/r FL in which a relapse occurs within 24 months of second-line or higher systemic treatment, and the treatment of adult patients with r/r MCL after two or more lines of systemic therapy including BTKi. Carteyva® is the first CAR-T product approved as a Category 1 biologics product in China, and currently it is the only CAR-T product in China that has been simultaneously included in the National Significant New Drug Development Program and granted priority review and breakthrough therapy designations.

Sales of CAR-T products in China remained relatively stable in 2024, as compared to 2023. Given the unmet medical needs that can be effectively addressed by CAR-T therapies, the market for CAR-T therapies in China is expected to experience strong growth through 2030, according to Frost & Sullivan. We believe that we are well-positioned to take advantage of this growing market, based on the best-in-class potential of our anti-CD19 CAR-T product profile; our robust and differentiated cell therapy pipeline covering hematological cancers, solid tumors and autoimmune diseases; our fully integrated cell therapy development platform; our leading commercial manufacturing infrastructure and supply chain; and our seasoned management and strong support from the shareholders of the Company (the "**Shareholders**"). In 2024 we made significant progress on the development of Carteyva® for the treatment of hematological malignancies, progressed development of our products for the treatment of solid tumors, and advanced relma-cel as a potential treatment for SLE, an autoimmune disease widely prevalent in China.

Commercialization

Sales of Carteyva® achieved remained broadly stable versus 2023 despite facing the challenging external environment.

In the second half of 2024, our commercial team has undergone adjustments in both personnel and structure. Currently we have a robust commercial team to commercialize Carteyva® across China. Our commercial team is established with strong commercialization capabilities, including sales, marketing, market access innovative payment and CAR-T consultants.

In order to build a patient centric treatment model, we conducted training for each hospital to help physicians and nurses to gain a comprehensive understanding about Carteyva® and the entire process from prescription to infusion. Furthermore, we conducted a systematic evaluation of hospitals to ensure the administration of CAR-T products meet our standards.

To improve affordability, we have leveraged the development of China's multi-layer medical insurance system by listing Carteyva® in more local governmental complementary medical insurance programs and health insurance products. As of December 31, 2024, Carteyva® has been listed in more than 80 commercial insurance products and 102 local governmental complementary medical insurance programs. We will continue to expand commercial insurance coverage and explore more innovative payment solutions with the goal of improving affordability for patients who are eligible to be treated with Carteyva®.

We have made further progress on implementation of the manufacturing cost reduction strategies that we established in 2020, which consist of the following elements: (i) near-term (1–2 years)-realize significant cost reduction by implementing technologies and procedures that optimize the use of raw materials; (ii) mid-term (2–3 years)-realize further cost reduction by replacing imported materials with domestic supplies; and (iii) long-term (3–5 years)-implement new technologies for process improvement and key materials utilization and thereby further reduce raw material and labor costs, and potentially shorten production cycle time. We successfully completed our near-term cost reduction plans in 2022, and we commenced our mid-term cost reduction plans in 2022, which enabled us to procure important raw materials from domestic suppliers. As of December 31, 2024, we have commenced sourcing key materials from domestic suppliers, and going forward we plan to source additional raw materials from domestic suppliers. We continue optimizing our manufacturing operations to improve efficiency and exploring new technologies for process improvement or new process platforms.

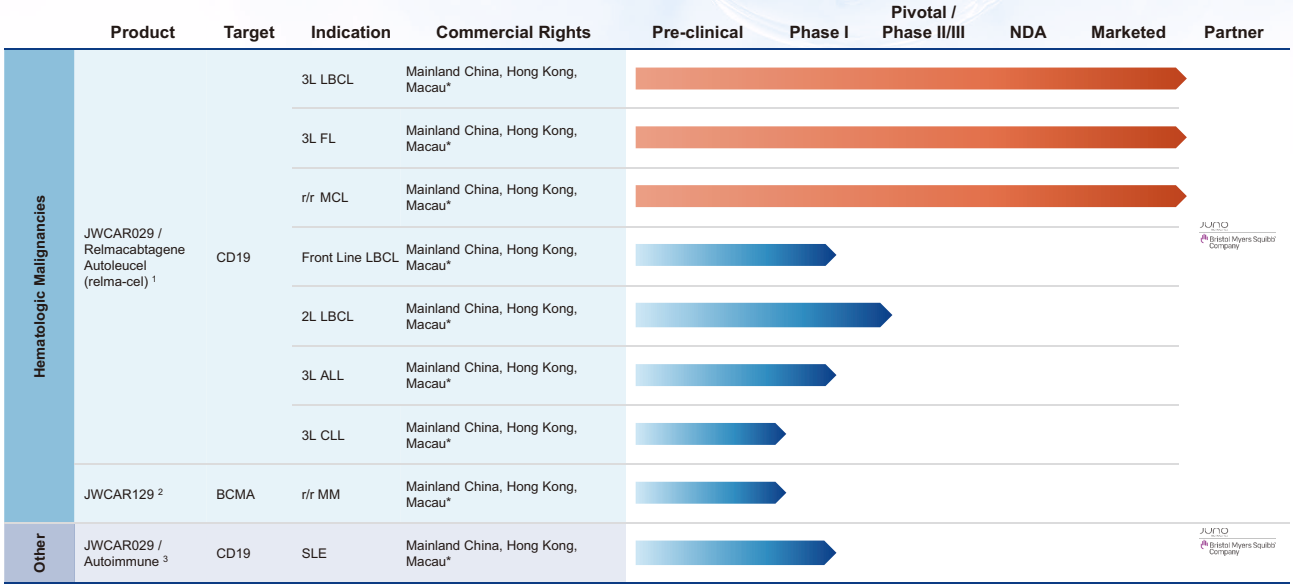
We continue to collaborate with stakeholders in the medical industry to establish best practices and industry standards for CAR-T therapies and enhance the administration and monitoring processes of CAR-T therapies to improve patient outcomes. Given the proven efficacy of Carteyva®, high unmet medical needs of r/r NHL patients and expanded coverage under the multi-layer medical care system in China, together with our strategy and strong commercialization ability, we are confident that Carteyva® is well positioned to benefit more patients in the medium and long run.

Our Product Pipeline

We have developed a robust and differentiated cell-based immunotherapy pipeline, with a risk-balanced approach that has shown clear benefit in the field of cell therapies for hematological cancers and provides an opportunity to expand into the nascent field of cell therapies for solid tumors and autoimmune diseases. Our product pipeline features a mix of product candidates targeting both proven and novel tumor antigens. In 2024, we made significant progress on the development of Carteyva® for the treatment of hematological malignancies, expanded our portfolio of products for the treatment of solid tumors, and advanced relma-cel as a potential treatment for SLE, a widely prevalent autoimmune disease. With respect to hematological malignancies, our sNDA relating to Carteyva® as a treatment for adult patients with r/r MCL was accepted by NMPA at the beginning of 2024. Previously the NMPA granted Breakthrough Therapy Designation and Priority Review to Carteyva® for this indication. In August 2024, the NMPA approved our sNDA relating to Carteyva® for the treatment of adult patients with r/r MCL after two or more lines of systemic therapy including BTKi. In addition, in 2024 we completed patient enrollment in our clinical trial of Carteyva® as a second-line treatment for 2L LBCL. With respect to solid tumors, we commenced clinical development of cell therapy products directed to MAGE-A4 and DLL3. Moreover, in 2024, we initiated the IND study of relma-cel as a treatment for patients with moderately or severely active SLE, expanding our potential range into the treatment of autoimmune diseases. We believe that the Company may be able to secure a first-mover or early-mover advantage in a highly promising market through development of these therapies.

We are also developing our other product in the pipeline and progressing into the clinical stage. JWCAR201 is a dual targeting autologous CAR T-cell therapy designed for B-cell malignancies and autoimmune diseases. In the first half of 2024, we announced the commencement of an IIT relating to JWCAR201, and we continued patient enrollment through 2024. We are also continuing the development of relma-cel for treatment of acute lymphoblastic leukemia (ALL) and chronic lymphocytic leukemia (CLL) and exploring its further clinical potential.

The following chart summarizes the current development status of our products and product candidates that are intended for treatment of hematologic malignancies and autoimmune diseases:



Abbreviations: LBCL = large B-cell lymphoma; FL = follicular lymphoma; MCL = mantle cell lymphoma; ALL = acute lymphoblastic leukemia; CLL = chronic lymphocytic leukemia; MM = multiple myeloma; NHL = non-Hodgkin lymphoma; SLE = systemic lupus erythematosus.

* Mainland China, Hong Kong and Macau refer to Mainland China, Hong Kong (China) and Macau (China), respectively.

1. Relma-cel is based on the same chimeric antigen receptor ("**CAR**") construct as the product lisocabtagene maraleucel (Breyanzi or lisocabtagene or liso-cel) of Juno, which was approved by the U.S. Food and Drug Administration ("**FDA**") in February 2021.

2. JWCAR129 is based on the same CAR construct as Juno's product orvacabtagene autoleucel (orva-cel).

3. SLE is a chronic autoimmune disease characterized by the production of autoantibodies and abnormal B-lymphocyte function.

Hematologic Malignancies

Our Core Product Candidate — Carteyva® (relma-cel, R&D code: JWCAR029)

Carteyva®, our lead product, has the potential to be a CAR-T therapy with superior efficacy and safety profile. It targets an antigen called CD19, which is expressed in a broad range of hematological cancers. Lymphomas are hematological cancers involving lymphocytes of the immune system, and LBCL and FL are types of non-Hodgkin's lymphoma ("**NHL**") that affect B-cells within the immune system. In addition to marketing Carteyva® as a third-line treatment for LBCL, r/r FL and r/r MCL, we are also exploring the further clinical potential for Carteyva® by developing relma-cel as a frontline and second-line treatment for LBCL.

Carteyva® is based on a CAR construct that we have in-licensed from Juno for Mainland China, Hong Kong and Macau[2]. Juno's biologics license application for its product based on that same CAR construct ("**Breyanzi**" or "**lisocabtagene**" or "**liso-cel**") was approved by the U.S. FDA for third-line LBCL in February 2021 and for second-line LBCL that is r/r within 12 months of frontline therapy in June 2022.

Third-line LBCL

On September 1, 2021, the NMPA approved our NDA for Carteyva® as a treatment for adult patients with r/r LBCL after two or more lines of systemic therapy. Carteyva® is the first CAR-T product approved as a Category 1 biologics product in China, and the sixth approved CAR-T product globally.

Carteyva®'s potential to be a best-in-class CAR-T therapy is based on its superior safety profile and competitive efficacy. Our Phase II registrational clinical trial of Carteyva® as a third-line treatment for LBCL demonstrated efficacy results of best overall response rate ("**ORR**") of 77.6% and best complete response rate ("**CRR**") of 53.5%. In the same trial, severe cytokine release syndrome ("**sCRS**") was observed in 5.1% of treated patients, severe neurotoxicity ("**sNT**") was observed in 3.4% of treated patients, and no treatment-related deaths were reported. In addition, the overall survival ("**OS**") rate was 69.3% after two years and 66.7% after four years, and there were no new safety signals. We reported two years of follow-up results at the Annual Meeting of the American Society of Hematology held in San Diego, California in December 2023. We also reported four years of follow-up results at the Annual Meeting of American Society of Clinical Oncology for 2024.

Second-line LBCL

In January 2023, we submitted a new IND application for Carteyva® as second-line therapy for transplant-ineligible patients with r/r LBCL. The design is similar to the PILOT study evaluating Breyanzi, on the basis of which the U.S. FDA has approved Breyanzi for second-line treatment of transplant-ineligible patients. The NMPA approved our IND application in March 2023. We enrolled the first patient into this trial in November 2023, and completed patient enrollment in the second half of 2024. The NMPA granted Breakthrough Therapy Designation to Carteyva® for this indication, the primary endpoint of the study was met, and we plan to submit NDA application in the first half of 2025.

[2] Mainland China, Hong Kong and Macau refer to Mainland China, Hong Kong (China) and Macau (China), respectively.

Frontline LBCL

In March 2023, we announced the commencement of an IIT relating to Carteyva® as a first-line treatment for patients with high risk LBCL, and the first patient infusion was completed. Recent reports have suggested that anti-CD19 CAR-T therapy may be beneficial to individuals who have not fully responded to early frontline therapy. As a result and given Carteyva®'s low frequency of severe toxicity to date, we expect to continue enrolling frontline patients with LBCL for our Phase I IIT. In the planned study, these patients who receive two cycles of conventional frontline therapy with R-CHOP[3] and do not achieve a complete response will then be enrolled and receive a single infusion of Carteyva® at a dose of 100 million cells.

These trial data, if favorable, may then be used to design and conduct an expanded Phase I trial of LBCL patients without prior chemotherapy or a larger registrational trial in frontline LBCL similar to the approach described for the initial IIT in the frontline setting. The trial is on-going, we intend to continue enrolling patients for establishing the primary safety and efficacy profile.

Third-line FL

With respect to Carteyva® as a third-line treatment for adult patients with r/r FL, the NMPA granted Breakthrough Therapy Designation in September 2020, accepted our sNDA in February 2022 and approved our sNDA in October 2022. Carteyva® has thus become the first CAR-T product approved for treatment of r/r FL in China.

The NMPA's approval of our sNDA relating to Carteyva® as a third-line treatment for adult patients with r/r FL was based on the 6-months clinical results from cohort B of a single-arm, multi-center pivotal study (the "**RELIANCE**" study) on Carteyva® in adult patients with r/r B cell non-Hodgkin lymphoma in China. The 3-months data had been presented at the 63rd Annual Meeting of the American Society of Hematology in December 2021. The cohort B results of the RELIANCE study showed that Carteyva® demonstrated high rates of durable disease response (ORR=100.0%, CRR=85.2% at month 3; ORR=92.6%, CRR=77.8% at month 6) and controllable CAR-T associated toxicities in patients with r/r FL.

In December 2022, we reported cohort B clinical response of this pivotal Phase II RELIANCE study on efficacy and safety of Carteyva® in adults with r/r FL in China at the 64th Annual Meeting of the American Society of Hematology. As of the data cut-off date of December 17, 2021, based on 28 patients who had been treated with Carteyva® with 11.7 months of median follow-up, Carteyva® demonstrated remarkable clinical responses, achieving high rates of CRR and ORR (best ORR and best CRR were 100.0% and 92.6% respectively) and a manageable safety profile — only one patient experienced grade 3 or above NT, and no patient experienced grade 3 or above CRS. We are continuing the RELIANCE study, and we currently plan to publish 2 years of follow-up data in 2025.

[3] R-CHOP is a cancer drug combination to treat NHL. It includes rituximab, cyclophosphamide, anthracycline, vincristine and corticosteroid.

r/r MCL

We have completed enrollment in a registrational trial in China to evaluate Carteyva® as a treatment for MCL patients who previously received chemotherapy, anti-CD20 agent and Bruton tyrosine kinase inhibitors ("**BTKi**"). This is a Phase II, open-label, single-arm, multicenter study which aims to assess the efficacy and safety of Carteyva® in adults with r/r MCL in China. The study enrolled a total of 59 r/r MCL patients who were r/r to second-line or above treatments. Prior therapies must include an anti-CD20 monoclonal antibody, anthracycline- or bendamustine-containing chemotherapy, and BTKi therapy. We plan to follow up on long-term survival for these patients. In August 2024, the NMPA approved our sNDA relating to Carteyva® for the treatment of adult patients with r/r MCL after two or more lines of systemic therapy including BTKi, and Carteyva® is the first cell therapy product approved in China for the treatment of patients with r/r MCL. The NMPA had granted Breakthrough Therapy Designation to Carteyva® for this purpose in April 2022, as well as priority review in December 2023.

At the 65th Annual Meeting of the American Society of Hematology in December 2023, we reported preliminary safety and efficacy data for our study of Carteyva® as a treatment for MCL. As of the data cut-off of October 25, 2023, a total of 59 participants had been treated with Carteyva®, Carteyva® demonstrated remarkable clinical responses, achieving high rates of CRR and ORR (3 months best ORR 81.36%, 3 months best CRR 67.80%). The safety assessment showed that, in 59 participants who received Carteyva®, the incidence of severe (grade≥3) CRS was 6.78% and the incidence of severe (grade≥3) NT was 6.78%.

Autoimmune Diseases

Systemic Lupus Erythematosus ("SLE")

SLE is a chronic autoimmune disease characterized by the production of autoantibodies and abnormal B-lymphocyte function. Prevalence of SLE in China mainland is about 30/100,000 or around 270,000 cases patient-year[4], 40% of SLE patients develop organ damage in the first year, and 50% of patients develop irreversible organ damage within five years of onset. Current standards of care are neither effective nor safe, which addresses the big unmet medical needs.

B Cell Depletion Therapy ("**BCDT**") has now become one of the main novel therapy candidates targeted at SLE.

[4] Rees F, Doherty M, Grainge MJ, et al. The Worldwide Incidence and Prevalence of Systemic Lupus Erythematosus: A Systematic Review of Epidemiological Studies. Rheumatology. 2017; 56(11): 1945– 1961. Applied 30 cases/100,000 and assuming 900 million as China adult population in 2017.

CD19 is widely expressed at all differentiation stages from pre-B cells to plasma cells. Hence, CD19-targeted CAR-T cells may target and deplete B cells or plasma cells that are directly responsible for autoantibody production. Compared with antibodies, CAR-T cell therapy could retain potency over time and rapidly lead to lasting remission. We estimate that at least 15,000 patients are CAR-T eligible in the targeted setting with high treatment willingness.

We received NMPA approval of our IND application relating to relma-cel as a treatment for SLE in April 2023, to evaluate the safety, tolerability, and pharmacokinetic profile of relma-cel in Chinese patients with moderately or severely active SLE, and we completed patient enrollment by the end of 2024. We have already demonstrated successful manufacture of CAR-T cells for SLE patients in both IIT/IND study and observed a well-managed safety profile, significant improvement of clinical symptoms as well as complete depletion of B-cells.

We believe that the Company may be able to secure a first-mover or early-mover advantage in the highly promising market for treatment of SLE in China through development of such therapy.

Solid Tumors

The following chart summarizes the current development status of our product candidates that are intended for treatment of solid tumors:

	Product	Target	Indication	Commercial Rights	Pre-clinical	Phase I	Pivotal / Phase II/III	NDA	Marketed	Partner
Solid Tumors	JWATM204 [1]	GPC3	HCC	Mainland China, Hong Kong, Macau, Taiwan, and member countries of ASEAN*						EUREKA
	JWATM214 [2]	GPC3	HCC	Mainland China, Hong Kong, Macau, Taiwan, and member countries of ASEAN*						Lyell EUREKA
	JWATM203 [1]	AFP	HCC	Mainland China, Hong Kong, Macau, Taiwan, and member countries of ASEAN*						EUREKA
	JWATM213	AFP	HCC	Mainland China, Hong Kong, Macau, Taiwan, and member countries of ASEAN*						Lyell EUREKA
	JWTCR001	MAGE-A4	various solid tumors	Mainland China, Hong Kong, Macau						2seventybio
	JWCAR031	DLL3	SCLC	Mainland China, Hong Kong, Macau						Bristol Myers Squibb

Abbreviations: HCC = hepatocellular carcinoma; NSCLC = non-small cell lung cancer; AFP = alpha-fetoprotein; GPC3 = glypican-3; r/r = relapsed or refractory; HAS = hepatoid adenocarcinoma of the stomach; MAGE-A4 = melanoma associated antigen A4; DLL3 = Delta-like ligand 3.

* Mainland China, Hong Kong, Macau and Taiwan refer to Mainland China, Hong Kong (China), Macau (China) and Taiwan (China), respectively.

1. JWATM204 is in a Phase I investigator-initiated trial in China. Eureka's products based on the CAR constructs underlying JWATM203 and JWATM204 are currently in Phase I/II trials in the US conducted by Eureka under an IND application. In November 2021, the FDA granted Fast Track Designation to Eureka's counterpart to JWATM203 for the treatment of hepatoblastoma ("**HB**") and hepatocellular carcinoma ("**HCC**") in pediatric patients, as well as "rare pediatric disease designation" for the treatment of HB. In February 2022, the FDA granted Orphan Drug Designation to Eureka's counterparts to JWATM203 and JWATM204.

2. Developing using Lyell technology.

JWTCR001

JWTCR001 is a specific cell therapy product directed to MAGE-A4 (including any mutations, fragments, modifications or derivatives of the engineered TCR binding MAGE-A4). MAGE-A4 is a highly prevalent antigen in a wide variety of malignant tumors, including non-small cell lung cancer, melanoma, bladder, head and neck, gastroesophageal and ovarian cancers, and thus an ideal target indication for TCR-T therapy. We have utilized the CTBR12 TGF-beta ("**FLIP**") receptor technique developed by Regeneron, which potentially increases efficacy. Early phase clinical trials[5] have previously demonstrated that TCR-T cell therapies targeting MAGE-A4 can have meaningful clinical efficacy for treatment of MAGE-A4-expressing solid tumors. The biological license application ("**BLA**") for treatment of synovia sarcoma was accepted by the U.S. FDA on January 31, 2024, and priority review has been granted.

In October 2022, we established a strategic alliance with 2seventy bio to develop and commercialize a cell therapy product directed to MAGE-A4 (including any mutations, fragments, modifications or derivatives of the engineered binding element for MAGE-A4) in oncology indications. 2seventy bio's oncology and autoimmune research and development programs were acquired by Regeneron in 2024, and such acquisition has not had any impact on the progress of our collaboration. The agreement is focused on the technologies and know-how possessed by Regeneron and also includes future prospects for the development and commercialization of the product in Greater China based on addressable patient population and unmet medical needs. With Regeneron's support, we believe that the Company may be able to secure a first-mover or early-mover advantage in a highly promising market through development of such a therapy. We have established our manufacturing process for a product directed to MAGE-A4 in anticipation of commencement of an IIT, and patient enrollment in this IIT was initiated in the first quarter of 2024.

Cautionary Statement required by Rule 18A.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"): We cannot guarantee that we will be able to successfully develop or ultimately market Carteyva® in indications beyond the current NMPA-approved label, or to successfully develop or ultimately market our other pipeline products. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the shares of the Company.

[5] Adaptimmune's Surpass and Spearhead trials, as reported at the European Society for Medical Oncology (2022).

Discovery and Pre-clinical Research

Our early research and development efforts are focused on engineering innovative pipeline products that make the most of our infrastructure and expertise. Following the successful registration and commercialization of our personalized anti-CD19 CAR product in China, we have established an efficient framework for collecting, manufacturing, and delivering autologous CAR therapies to patients in need. Building on this success, our early research aims to further leverage this framework by developing new autologous products with enhanced features and expanding their commercialization to international markets without regional restrictions. With global commercialization envisioned, we intend to engineer our new pipeline products in a way that will maximize their values to us.

Our new pipeline products will primarily focus on addressing unmet needs for hematological cancers, solid tumors and autoimmune diseases, with an aim to overcome key challenges and limitations in this field. Alongside developing new products, by means of early research, we also invest substantial effort into strengthening our existing pipeline through process modifications and incorporation of additional components. These products will incorporate additional "Armor" elements that are designed in-house to enhance the anti-cancer function of CAR therapies. By combining these Armor elements with the CAR products, we aim to prolong the duration of therapy in patients and make it less responsive to suppressive signals produced by tumors, so as to achieve better outcomes in patients.

Furthermore, all of these new products will benefit from our next-generation product processing method, which has been internally developed to accelerate manufacturing, reduce costs and maintain the product in an optimal state compared to conventional methods.

One of our first in-house developed products will be a dual targeting autologous CAR T-cell therapy designed for B-cell malignancies and autoimmune diseases. By incorporating dual targeting, this product is expected to have a broader range of effectiveness, increase the signaling threshold, and significantly reduce the risk of relapse due to antigen downregulation or loss, commonly observed in hematological cancers. Additionally, we plan to equip this product with enhancing Armored elements to improve performance and shield it from suppressive factors produced by the tumor's defense systems. Our next-generation processing techniques will be deployed to manufacture this product, aiming to deliver a more potent, rapid and cost effective therapy. The CAR product for autoimmune diseases was delivered to the clinic in third quarter of 2024 while the enhanced CAR product for B-cell malignancies is currently expected to be delivered to the clinic by third quarter of 2025. Both of these products are intended for commercialization both within and outside China.

In addition, we are developing two new CAR products for solid tumor indications. Both products are engineered for global commercialization and are expected to be delivered to the clinic in 2025. Both of these products express enhancing Armored elements and take advantage of our next generation cellular processes, designed to increase product potency and reduce manufacturing cost and time.

The following chart summarizes the current development status of our potential new products:

Indication	Target	Commercial Rights	Pre-clinical	IIT
Autoimmune diseases	Dual Targeting	Worldwide		Initiated in Q4 2024
B-cell malignancies	Dual Targeting	Worldwide		Initiated in Q3 2024
Solid tumor 1	To be announced	Worldwide		Expected in Q3 2025
Solid tumor 2	To be announced	Worldwide		Expected in Q3 2025

Lastly, we are exploring innovative approaches to simplify the manufacturing process. We are investigating the feasibility of non-viral methods that involve genomic editing and off-the-shelf CAR products for various indications. These approaches may potentially expedite the delivery of therapies to patients and reduce overall production costs.

Manufacturing

In June 2020, we received a production license from Jiangsu Province authorities for our new commercial manufacturing facility in Suzhou. This facility provides approximately 10,000 square meters for commercial and clinical manufacturing in compliance with Good Manufacturing Practice ("**GMP**") and Quality Management System ("**QMS**") standards.

With current regulatory approval, we can meet manufacturing needs for both commercial and clinical supplies and have maintained a high manufacturing success rate of 98% since our LBCL registration clinical trial. After initial product launch, we have gained multiple approvals for manufacturing capacity expansion in the fourth quarter of 2022 and the first quarter of 2023.

As a critical material, sustainable lentiviral vector supply is necessary to ensure our final product manufacturing and supply. We continuously invest resources in establishing our own capability in vector development and manufacturing. We have developed a platform process and successfully manufactured vectors to support clinical programs. Furthermore, we are establishing vector capability for commercial product.

Future and Development

Our vision is becoming an innovation leader in cell immunotherapy, we intend to focus on pursuing the following strategies to achieve that vision:

- Continue to drive full scale commercialization of Carteyva®.
- Solidify our leadership in hematology by continuing to develop Carteyva® for earlier lines of treatment and additional indications, as well as further expanding clinical development for autoimmune diseases.
- Leverage our integrated cell therapy platform to expand into the solid tumor market.
- Continuously enhance our manufacturing capability and implement cost reduction plan through innovation and scale.
- Grow our business through in-licensing opportunities, partnerships and selective acquisitions, as well as in-house R&D.

FINANCIAL REVIEW

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

IFRS Measure:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**158,218**	173,856
Cost of sales	**(80,902)**	(85,637)
Gross profit	**77,316**	88,219
Other income	**6,873**	8,249
Other gains and losses	**(147,554)**	(219,215)
Selling expenses	**(140,413)**	(113,196)
General and administrative expenses	**(120,068)**	(140,048)
Research and development expenses	**(282,989)**	(413,616)
Finance income	**28,431**	34,026
Finance costs	**(12,220)**	(12,415)
Finance costs — net	**16,211**	21,611
Loss before tax	**(590,624)**	(767,996)
Income tax expense	**—**	—
Loss for the year	**(590,624)**	(767,996)
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**39,627**	86,460
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(1,388)**	(23,902)
Other comprehensive income for the year	**38,239**	62,558
Total comprehensive expense for the year	**(552,385)**	(705,438)
LOSS PER SHARE		
— Basic and diluted *(RMB)*	**(1.43)**	(1.87)

1. Revenue

Revenue was RMB158.2 million for the year ended December 31, 2024, as compared to RMB173.9 million for the year ended December 31, 2023. Revenue was recognized at the point of infusion. This decrease was primarily attributable to the execution of the Group's optimization strategies in relation to its commercial initiatives, coupled with the pursuit of organization effectiveness program of its commercial personnel, in the second half of 2024, and the intrinsic value derived from these strategies has yet to be reflected in revenue. We expect to experience a renewed increase in revenue from sales of Carteyva® in the coming period, which has a superior product profile that could bring breakthrough value to patients, and additional indications are expected to be approved.

The following table sets forth a breakdown of revenue from our product for the years indicated:

	Year ended December 31,			
	2024		2023	
	RMB'000	**%**	*RMB'000*	*%*
	(Audited)		(Audited)	
Carteyva®	**158,218**	**100.0**	173,856	100.0
Total revenue	**158,218**	**100.0**	173,856	100.0

2. Cost of Sales

Cost of sales was RMB80.9 million for the year ended December 31, 2024, as compared to RMB85.6 million for the year ended December 31, 2023. Cost of sales primarily consists of raw material costs, staff costs, depreciation and amortization, manufacturing overhead and others.

The following table sets forth a breakdown of cost of sales by product for the years indicated:

	Year ended December 31,			
	2024		2023	
	RMB'000	**%**	*RMB'000*	*%*
	(Audited)		(Audited)	
Carteyva®	**80,902**	**100.0**	85,637	100.0
Total cost of sales	**80,902**	**100.0**	85,637	100.0

3. Gross Profit and Gross Profit Margin

Gross profit represents revenue minus cost of sales. Gross profit margin represents gross profit as a percentage of revenue.

Gross profit was RMB77.3 million and gross profit margin was 48.9% for the year ended December 31, 2024, compared to RMB88.2 million and 50.7%, respectively, for the year ended December 31, 2023.

4. Selling Expenses

The following table provides a breakdown of selling expenses for the years ended December 31, 2023 and 2024.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Employee benefit expenses	**35,467**	55,296
Business promotion fees	**97,178**	48,394
Professional service fees	**4,331**	4,650
Office expenses	**2,902**	3,684
Others	**535**	1,172
Selling expenses	**140,413**	113,196

The selling expenses increased from RMB113.2 million for the year ended December 31, 2023, to RMB140.4 million for the year ended December 31, 2024. This increase was primarily attributable to the increase in business promotion fees, which rose from RMB48.4 million in 2023 to RMB97.2 million in 2024, resulting from our exploration of various commercialization approaches in 2024. While some of the approaches in 2024 proved less aligned with the Company's needs and incurred certain costs, the broader initiative to explore diverse approaches has significantly enhanced our understanding of the market landscape.

5. General and Administrative Expenses

The following table provides a breakdown of general and administrative expenses for the years ended December 31, 2023 and 2024.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Employee benefit expenses	**69,287**	68,053
Professional service fees	**20,956**	35,327
Depreciation and amortization	**10,564**	12,144
Office expenses	**9,638**	12,267
Auditor's remuneration	**3,525**	3,466
Others	**6,098**	8,791
General and Administrative Expenses	**120,068**	140,048

General and administrative expenses decreased from RMB140.0 million for the year ended December 31, 2023 to RMB120.1 million for the year ended December 31, 2024. The decrease was primarily attributable to a decrease in office expenses and professional service fees.

6. Research and Development Expenses

The following table provides a breakdown of R&D expenses for the years ended December 31, 2023 and 2024.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Employee benefit expenses	**114,250**	173,798
R&D materials	**36,697**	75,457
Testing and clinical fees	**59,559**	75,777
Depreciation and amortization	**53,616**	62,711
Office expenses	**12,154**	16,751
Others	**6,713**	9,122
Research and development expenses	**282,989**	413,616

The R&D expenses decreased from RMB413.6 million for the year ended December 31, 2023 to RMB283.0 million for the year ended December 31, 2024. This decrease was primarily attributable to: (i) a decrease of employee benefit expenses from RMB173.8 million in 2023 to RMB114.3 million in 2024 as a result of optimization of the Group's R&D workforce and the consequential reduction of compensation costs; and (ii) a decrease in expenses relating to R&D materials and testing and clinical fees which was in line with R&D study progress.

7. Other Income

Other income amounted to RMB6.9 million for the year ended December 31, 2024, as compared to RMB8.2 million for the year ended December 31, 2023. Other income in both years was mainly related to government grants.

8. Other Gains and Losses

The following table provides a breakdown of other gains and losses for the years ended December 31, 2023 and 2024.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Impairment of license	**132,258**	181,208
Net foreign exchange losses	**15,597**	37,324
Gain on early termination of leases	**(52)**	—
Loss on disposal of property, plant and equipment	**—**	929
Others	**(249)**	(246)
Other gains and losses	**147,554**	219,215

Other gains and losses decreased from RMB219.2 million for the year ended December 31, 2023 to RMB147.6 million for the year ended December 31, 2024. This decrease was in part attributable to a decrease of 27.0% in the impairment of license of RMB132.3 million in 2024, compared with RMB181.2 million in 2023, which reflected the decreased risk for JWATM204/214, as Eureka started phase II study in US in 2024. The impairment of license was related to product JWATM204/214 and JWCAR129 based on an adjustment noted in the valuation report prepared by an independent valuer, which took into account a variety of factors including the level of complexity of R&D pathways, the time and resources that might be required in advancing in-depth analysis with clinical data, and the overall R&D investment efforts required to work toward commercialization. The Company estimates that these factors may eventually result in an increase in the level of R&D efforts and other resources required and may affect the possibility of success, gross margin and pre-tax discount rate, which gave rise to a decline in the recoverable amount of the cash generating unit and caused the recognition of impairment loss. In addition, it was also attributable to a decrease of approximately RMB21.7 million in net foreign exchange losses due to milder weakening of RMB against USD and HKD in 2024 compared with 2023. Net foreign exchange losses mainly arose from the unrealized foreign exchange loss as a result of the continuous weakening of RMB against USD and HKD when exchanging from the transactional currency (RMB) to the functional currencies (USD and HKD) for our offshore companies within the Group.

9. Income Tax Expense

For the years ended December 31, 2023 and 2024, we did not incur any income tax expense, as we did not generate taxable income in either year.

10. Loss for the Year

As a result of the above items, loss for the year was RMB590.6 million for the year ended December 31, 2024, compared to RMB768.0 million for the year ended December 31, 2023. The decrease was primarily attributable to: (i) decreased general and administrative expenses primarily due to a decrease in office expenses and professional service fees; (ii) decreased R&D expenses primarily attributable to the reduction of employee benefit expenses and expenses relating to R&D materials and testing and clinical fees; (iii) decreased net foreign exchange losses due to milder weakening of RMB against USD and HKD in 2024 compared with 2023; and (iv) the decreased provision for the impairment of license related to product JWATM204/214 and JWCAR129 based on an adjustment noted in the valuation report prepared by an independent valuer, which took into account a variety of factors including the level of complexity of R&D pathways, the time and resources that might be required in advancing in-depth analysis with clinical data, and the overall R&D investment efforts required to work toward commercialization. The Company estimates that these factors may eventually result in an increase in the level of R&D efforts and other resources required and may affect the possibility of success, gross margin and pre-tax discount rate, which gave rise to a decline in the recoverable amount of the cash generating unit and caused the recognition of impairment loss. The effect of the factors mentioned above were partially offset by (i) decreased revenue and gross profit generated from sales of Carteyva®; and (ii) increased selling expenses resulting from the increase in business promotion fees.

11. Non-IFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted loss for the year as an additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that these adjusted measures provide useful information to Shareholders and potential investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

Adjusted loss was RMB405.5 million for the year ended December 31, 2024, representing a decrease of RMB109.0 million from RMB514.5 million for the year ended December 31, 2023. The decrease was primarily due to: (i) decreased general and administrative expenses primarily due to a decrease in office expenses and professional service fees; and (ii) decreased R&D expenses primarily attributable to the reduction of employee benefit expenses and expenses relating to R&D materials and testing and clinical fees.

Adjusted loss for the year represents the loss for the year excluding the effect of certain non-cash items and one-time events, namely share-based compensation expenses, impairment of license and net foreign exchange losses. The term adjusted loss for the year is not defined under IFRS. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. Our presentation of this adjusted figure may not be comparable to similarly titled measures presented by other companies. However, we believe that this non-IFRS measure reflects our core operating results by eliminating potential impacts of items that our management do not consider to be indicative of our core operating performance, and thus, facilitate comparisons of core operating performance from period to period and company to company to the extent applicable. The table below sets forth a reconciliation of loss to adjusted loss for the years indicated:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Loss for the year	**(590,624)**	(767,996)
Added:		
Share-based compensation expenses	**37,309**	34,965
Impairment of license	**132,258**	181,208
Net foreign exchange losses	**15,597**	37,324
Adjusted loss for the year (Non-IFRS)	**(405,460)**	(514,499)

Selected Data from Statement of Financial Position

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Total current assets	**808,673**	1,067,484
Total non-current assets	**871,691**	1,078,613
Total assets	**1,680,364**	2,146,097
Total current liabilities	**465,054**	264,469
Total non-current liabilities	**46,145**	197,790
Total liabilities	**511,199**	462,259
Net current assets	**343,619**	803,015

12. Liquidity and Sources of Funding and Borrowing

As at December 31, 2024, current assets amounted to RMB808.7 million, including bank balances and cash of RMB757.4 million and other current assets of RMB51.3 million. As at the same date, current liabilities amounted to RMB465.1 million, primarily including trade and other payables of RMB70.5 million, borrowings of RMB361.6 million (mainly denominated in RMB and USD) and contract liability of RMB16.2 million. Details of borrowings of the Company and the Group during the year ended December 31, 2024 are set out in note 25 to the consolidated financial statements.

In 2024, we strictly controlled our cash expenditures and actively diversified and expanded our financing channels to provide financial assurance for our future development. As at December 31, 2024 we have unsecured bank borrowings in the amount of RMB381.1 million.

As at December 31, 2024, bank balances and cash were RMB757.4 million, representing a net cash outflow of RMB248.5 million compared to RMB1,005.9 million as at December 31, 2023. The cash outflow was primarily due to payments of research and development expenses, general and administrative expenses, selling expenses and capital expenditure for long term assets.

During the year, the Group was unable to comply with the covenants in respect of bank loans with a carrying amount of RMB79.5 million and RMB42 million respectively as at December 31, 2024. The Directors immediately commenced renegotiation of the terms of the loans with the relevant banks and as at December 31, 2024, the negotiations have not been completed and the lenders are still considering whether to waive their right to demand immediate payment, therefore the loans have been classified as current liabilities.

As at the date of this report, the negotiations are still in progress and the Directors are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the Directors believe that adequate alternative sources of finance are readily available to ensure that there will be no material adverse effect to the continuing operations of the Group.

13. Key Financial Ratios

The following table sets forth the key financial ratios of the Group as at the dates indicated:

	As at December 31, 2024	As at December 31, 2023
Current ratio[1]	**1.7**	4.0
Ratio of total liabilities to total assets[2]	**0.3**	0.2
Gearing ratio[3]	**N/A[4]**	N/A[4]

(1) Current ratio equals current assets divided by current liabilities as of the date indicated.

(2) Ratio of total liabilities to total assets equals total liabilities divided by total assets as of the date indicated.

(3) Gearing ratio is calculated using interest-bearing borrowings less bank balances and cash divided by total equity and multiplied by 100%.

(4) Gearing ratio is not applicable as our interest-bearing borrowings less bank balances and cash was negative.

14. Material Investments

We did not make any material investments during the year ended December 31, 2024.

15. Material Acquisitions and Disposals

We did not engage in any material acquisitions or disposals during the year ended December 31, 2024.

16. Pledge of Assets

As at December 31, 2024, the Group had no pledge of assets.

17. Contingent Liabilities

As at December 31, 2024, we did not have any material contingent liabilities.

18. Foreign Exchange Exposure

The Group mainly operated in Mainland China and a majority of its transactions were settled in RMB. We have financed our business principally through equity financings and the Global Offering with related proceeds denominated in USD ultimately. We converted a portion of those USD proceeds to RMB, with the remaining amounts reserved for additional conversions to RMB as needed. With the continuous appreciation of USD against the RMB, holding USD assets will enhance the purchasing power of the Group.

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 recognized in profit or loss. During the year ended December 31, 2024, foreign exchange risk arose from the assets and liabilities denominated in RMB which is different from the functional currencies of the Company due to the weakening of RMB against USD and HKD in 2024. The management seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

19. Employees and Remuneration

As at December 31, 2024, we had 281 employees representing a decrease of 29.4% from 398 employees as of December 31, 2023. The following table sets forth the total number of employees by function as at December 31, 2024:

	Number of Employees	% of total
Manufacturing operations	116	41.3%
MAH quality assurance	9	3.2%
Research and development	71	25.3%
Commercial	49	17.4%
Support functions and business development	36	12.8%
Total	281	100.0%

The total remuneration cost (including Directors' emoluments) incurred by the Group for the year ended December 31, 2024 was RMB227.7 million, as compared to RMB323.6 million for the year ended December 31, 2023.

The remuneration of the employees of the Group comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based compensation expenses. In accordance with applicable Chinese laws, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees.

The Company has also adopted the Pre-IPO Incentivization Scheme, the Restricted Share Unit Schemes, the Post-IPO Incentivization Scheme and the Post-IPO Restricted Share Unit Scheme. Please refer to the section headed "Share Incentivization Schemes" in this annual report for further details.

EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period.

RECENT DEVELOPMENTS OF REGULATORY FRAMEWORK

National Health Commission, Ethical Review of Life Science and Medical Research involving Human Subjects

Ethical Review of Life Science and Medical Research Involving Human Subjects (hereinafter referred to as the Measures) refers to as special provisions in the field of life science and medicine, are the direct basis for the ethical review of life science and medical research involving human beings conducted by healthcare institutions, schools of higher education, scientific research institutes and others. The life science and medical research involving human beings, as referred to in the Measures, subjects or the use of human biological samples and information data (collectively referred to as research participants) to carry out the following research activities:

1. The activities of studying human reproduction, growth, development and aging by means of physics, chemistry, biology and traditional Chinese medicine.

2. The activities of studying human physiology, psychology, behavior, pathological phenomena, etiology and pathogenesis of diseases, prevention, diagnosis, treatment and rehabilitation of diseases by means of physics, chemistry, biology, traditional Chinese medicine and psychology.

3. the use of new technologies or new products for experimental research on human subjects.

4. The activities of collecting, recording, using, reporting or storing biological samples, information data (including health records, behavior, etc.) and other scientific research materials related to life science and medical problems of people by using epidemiological, sociological, psychological and other methods.

According to the Measures, ethical review committees shall be set up in medical institutions at or above the secondary level, health institutions at or above the municipal level divided into districts (including disease prevention and control institutions, maternal and child health care institutions, blood collection and supply institutions, etc.), institutions of higher learning and scientific research institutes, etc. carrying out life science and medical research involving human beings.

Center for Drug Evaluation of NMPA, Working Standards for Accelerating the Evaluation of Innovative Drug Marketing Applications by CDE (Trial)

This working standard aims to encourage research and development of new drugs to meet clinical drug needs, and to combine valuable experiences such as "early intervention, research review linkage, and rolling submission" in the emergency review process of the epidemic, as well as new tools, methods, and standards formed by regulatory scientific action plans. It aims to transform, consolidate, and expand the achievements of the epidemic in a systematic manner, encourage the innovative research and development process of children's medication and rare disease, as well as innovative medicines included in the Breakthrough Therapeutic Drugs Program, and accelerate the review and approval speed of innovative drug varieties.

Ministry of Science and Technology, Implementing Regulations on the Management of Human Genetic Resources

In order to better implement Regulations on the Management of Human Genetic Resources of the People's Republic of China and further improve quality of human genetic resources management, Ministry of Science and Technology distributes Implementing Regulations on the Management of Human Genetic Resources. First, implement the Biosafety Law of the People's Republic of China and other laws and regulations, administer the country in accordance with the law, fulfill its duties and responsibilities, and carry out human genetic resources management in a scientific, rigorous and efficient manner. The second is to clarify the responsibilities of the central and local governments in the management of human genetic resources, and to promote the establishment of an integrated supervision and management mechanism. Thirdly, it will clarify the management boundaries, deepen the reform of "management and service", strengthen the management and control of key links, and, on the premise of resolutely safeguarding national biosafety, resolutely control what should be controlled and practically liberalize what should be released. Fourthly, to realize the accessibility of the implementation of the system, improve the procedural provisions in each aspect of administrative licensing, filing and security review, strengthen the specific measures of supervision, inspection and administrative punishment, and safeguard the efficient operation of human genetic resources management in accordance with laws and regulations. Meanwhile, it has also responded to and provided guidelines on hot issues of wide concern to the industry, including the identification of foreign parties, intellectual property rights arrangements, the filing and security review of data made available to the outside world, and the scope of application of the simplified optimization procedure.

The China Pharmaceutical and Biotechnology Association, Guidelines for Somatic Cell Clinical Research (Trial)

In order to promote the healthy development of investigator-initiated clinical research on somatic cells in medical institutions and strengthen the guidance on the work of conducting clinical research on somatic cells in medical institutions, in accordance with the spirit of the Drug Administration Law of the People's Republic of China, the Administrative Regulations of Medical Institutions and other laws and regulations, and in accordance with the Administrative Measures for Investigator-Initiated Clinical Trials in Medical and health Institutions (Trial) piloted by the National Health Commission of the People's Republic of China, this guideline is formulated with reference to the management procedures and technical requirements of stem cell clinical research, and the characteristics of somatic cell clinical research. This guideline applies to somatic clinical trials initiated by investigators in medical institutions for non-registration purposes.

National Medical Product Administration, 2023 Annual Drug Review Report

On May 20, 2024, National Medical Product Administration (NMPA) issued the 2023 Annual Drug Review Report (hereinafter referred to as the Report). According to the Report, in 2023, the drug review work delivered an eye-catching report card, in which 40 innovative drugs were approved through review and recommendation, and the number of approved drugs for cancers was 14; 5 new traditional Chinese medicines (including traditional Chinese medicines extracts) were approved for marketing.

Chemical drugs and biological products clinical trials are mainly for tumor indications, accounting for 40.6% of Class 1 innovative drugs. Compared with the previous year, Phase I and Phase III clinical trials of Class 1 anti-tumor innovative drugs continued to maintain a slight increase in 2023.

The number of clinical trials of cell and gene therapy products is 81, nearly doubled from 2022, involving a total of 70 varieties. The number of clinical trials for rare diseases has increased year by year, an increase of 42.9% from 2022, and the indications have been further expanded. In 2023, the number of clinical trials conducted only in children and the proportion of clinical trials of new drugs increased, and Phase III clinical trials accounted for the highest proportion. Traditional Chinese medicines are mainly for respiratory indications, chemical drugs are mainly for skin and ENT, and biological products are mainly preventive vaccines.

The efficiency of the applicant's trial implementation has been further improved, and the time to complete the first trial registration is longer, but it has been shortened compared with the average registration time in the previous year. The proportion of registrations completed and submitted within 1 month has increased. Compared with 2022, the efficiency of clinical trial initiation in 2023 has been further improved, and the average initiation time has been further shortened. Overall, the proportion of subjects recruited within 66 months reached 56.3%, and the proportion of subjects recruited within 66 months of clinical trials approved in 2023 reached 93.4%.

Innovative drugs listed in 2023 continued to be dominated by domestic holders, with anti-tumor drugs accounting for the majority, and the average time to market was basically the same as that in 2022.

In summary, the number of clinical trials of new drugs in China continues to increase year by year, and the efficiency and quality of clinical trial implementation are gradually improving. Innovation and efficiency coexist. my country's innovative drug industry still has a large room for development. With the positive guidance of my country's policies to encourage innovation and the active services to R&D companies, it will further accelerate the launch of new drugs and better meet the drug needs of Chinese patients.

State Administration for Market Regulation, Supervision and Administration of Drug Operation and Use Quality

The Measures for the Administration of Drug Operation Licenses and the Measures for the Supervision and Administration of the Circulation of Drugs were promulgated earlier, and have played an important role in guaranteeing the quality of drug operation and use as well as in regulating the order of the drug market, etc. However, they are no longer adapted to the supreme law, the requirements of the concept of the whole lifecycle of drugs, as well as the needs of the high-quality development of the drug circulation industry, and it is necessary to carry out a comprehensive systematic revision. Supervision and Administration of Drug Operation and Use Quality (hereinafter referred to as the Measures) focus on the primary task of promoting high-quality development, and strive to optimize the business environment and stimulate market vitality by means of legalized and market-oriented standards, so as to continuously improve the modernization of the regulation of drug circulation.

Center for Drug Evaluation of NMPA, Guiding principles for clinical communication and exchange technology related to cell and gene therapy products

In order to guide and standardize the preparation of information for communication and the consideration of clinical research and development elements in the process of clinical research and development of cellular and gene therapy products, so as to improve the efficiency of communication and exchange and promote the clinical research and development of cellular and gene therapy products, the Center for Drug Evaluation organized and formulated the Guiding principles for clinical communication and exchange technology related to cell and gene therapy products.

The purpose of this guideline is to provide suggestions for the preparation of information for communication and consideration of clinical development elements during the clinical development of cellular and gene therapy products, with a view to improving the efficiency of communication and facilitating the smooth progress of clinical development of cellular and gene therapy products. The cell and gene therapy products covered in this guideline mainly include human stem cells and their derivative cell therapy products, immune cell therapy products, gene therapy products, etc.

DIRECTORS

Executive Director

Mr. Min Liu ("**Mr. Liu**"), aged 52, is the Chairman and Chief Executive Officer ("**CEO**") of our Company. He joined our Group as executive Director and CEO on July 31, 2024, and was elected as Chairman of the Board on March 13, 2025. He is primarily responsible for formulating and implementing the overall business strategy to drive growth and profitability. He sets the strategic direction and oversees the overall operations. He leads the Company to ensure effective corporate governance and decision making. Additionally, he plays a key role in fostering partnerships and driving business growth while ensuring regulatory compliance. Mr. Liu possesses over 25 years of experience in the pharmaceutical industry. Prior to joining the Group, from February 2018 to September 2022, Mr. Liu served as the chief commercial officer of Innovent Biologics, Inc. ("**Innovent**"), a company listed on the Stock Exchange (HKSE: 1801), where during his tenure he helped build Innovent's commercial capabilities with a leading competitive commercialization organization in the market. He led the key successful launches of various innovative products, planned and executed the major market access strategy to establish market share leadership, and managed key partnership collaborations and reached major strategic deals. Before that, from October 2012 to January 2018, Mr. Liu served as vice president at F. Hoffmann-La Roche Ltd. ("**Roche**") in the PRC, where he led the development of various business units, including one of the two oncology business units of Roche in the PRC. Earlier in his career, from 1995 to 2012, Mr. Liu also held managerial roles in several reputable multinational pharmaceutical companies.

Mr. Liu obtained his Master of Business Administration degree from Harvard Business School in the United States in June 2004. He received his bachelor's degree in biochemistry from Wuhan University in the PRC in June 1994.

Non-executive Directors

Dr. Yiping James Li, M.D. ("**Dr. Li**"), aged 61, has served as a non-Executive Director of the Board since August 2024. He is the co-founder of our Company and served as Chief Executive Officer from February 2016 to July 2024, and as Chairman of the Board from July 2020 to March 2025.

Prior to founding our Company, Dr. Li held several leadership roles in the biopharmaceutical industry, including founding general manager of Amgen Greater China, partner at Kleiner Perkins and various senior positions at Merck & Co., Inc.

Dr. Li obtained his medical degree from Shanghai Medical College of Fudan University (formerly known as Shanghai Medical University) in the PRC in July 1987, and a master's degree in microbiology from the University of Montana in the United States in December 1991.

Ms. Xing Gao ("**Ms. Gao**"), aged 40, is a non-executive Director of our Group. She joined our Group on May 22, 2020 and was appointed as non-executive Director on the same date. She is primarily responsible for supervising and providing oversight to the Board.

Ms. Gao has over 10 years of healthcare investment related experience. She currently serves as a principal at Beijing Panmao Consulting Co., Ltd.* (北京磐茂諮詢有限公司), a member of a leading alternative asset manager in the PRC. Prior to that, she worked as associate at N M Rothschild & Sons Limited from October 2011 to June 2013 and as an analyst at the Bank of America Merrill Lynch from June 2007 to September 2011.

Ms. Gao obtained a bachelor's degree in biochemical engineering from University College London in the United Kingdom in August 2008 and a master of business administration degree from Harvard Business School in the United States in May 2015.

Dr. Sungwon Song ("**Dr. Song**"), aged 44, is a non-executive Director of our Group. He joined our Group on August 29, 2023 and was appointed as non-executive Director on the same date. He is primarily responsible for supervising and providing oversight to the Board.

Dr. Song has been working at Mirae Asset Capital (China) Limited as a healthcare private equity investor since January 2022, advising on securities and asset management mainly on the portfolio of healthcare sector. He has over 9 years of private healthcare investment experience. Prior to his employment with Mirae Asset Capital (China) Limited, he was a healthcare venture capitalist at Mirae Asset Global Investments (Hong Kong) Limited in Hong Kong from July 2018 to December 2021, and at Mirae Asset Capital Co., Ltd in Seoul, South Korea, from July 2016 to July 2018.

Prior to that, he was a healthcare investment analyst at Mirae Asset Global Investment LLC in New York, the United States, from July 2015 to June 2016.

Dr. Song obtained a bachelor of science degree in biotechnology and genetic engineering from Korea University in South Korea in August 2005 and a master of arts degree in biotechnology of biological sciences from Columbia University in the United States in August 2008. Dr. Song further obtained a Ph.D. in molecular cellular developmental biology from the Ohio State University in the United States in December 2014.

Dr. Cheng Liu ("**Dr. Liu**"), aged 58, is a non-executive Director of our Group. He joined our Group on June 30, 2020 and was appointed as non-executive Director on the same date. He is primarily responsible for supervising and providing oversight to the Board.

Dr. Liu is the founder, president and chief executive officer of Eureka Therapeutics. Prior to founding Eureka, Dr. Liu was a principal scientist in antibody drug discovery at Chiron Corporation (now integrated into Novartis). With over 20 years of experience in the field, he holds more than 500 patents and published patent applications of which over 100 patents have issued worldwide and has authored numerous peer-reviewed papers on cancer immunotherapy. He is the inventor of multiple first-in-class, clinical-stage cancer drugs against various tumor targets, including drugs targeting CSF1 for the treatment of bone metastasis, BCMA for multiple myeloma, and AFP and GPC3 for liver cancer. In 2007, he was awarded a Special US Congressional Recognition for his contributions to improving human health. He is the editor of the book "*Biosimilars of Monoclonal Antibodies: A Practical Guide to Manufacturing, Preclinical, and Clinical Development*".

Dr. Liu received his bachelor's degree in cell biology and genetics from Peking University (北京大學) in the PRC in July 1988 and a Ph.D. in molecular cell biology from the University of California, Berkeley in the United States in May 1996.

Independent Non-executive Directors

Mr. Kin Cheong Kelvin Ho ("**Mr. Ho**"), aged 57, is an independent non-executive Director of our Group. He joined our Group on October 22, 2020 and was appointed as an independent non-executive Director on the same date. He is primarily responsible for providing independent view to the Board.

Mr. Ho has over 28 years of experience in finance and accounting, company secretary, initial public offering, takeover, deposition and debt restructuring. Mr. Ho was appointed as an independent non-executive director of CECEP COSTIN New Materials Group Limited (in provisional liquidation) ("**CECEP COSTIN**") (HKSE: 2228), a company listed on the Main Board of the Stock Exchange, since August 6, 2018. Based on published information, CECEP COSTIN received a winding up petition and a summons for the appointment of joint provisional liquidators dated October 30, 2017. Mr. Ho's appointment was subsequent to the winding up petition against CECEP COSTIN and he was appointed by the joint provisional liquidators to meet the relevant requirements under the Listing Rules. He has resigned as an independent non-executive director on February 8, 2022.

Mr. Ho has been appointed as an independent non-executive director of Rosan Resources Holdings Limited (HKSE: 0578) since July 1, 2020 and has resigned on November 1, 2022. He was also a non-executive director of E-rental Car Company Limited (now known as China Wood International Holding Co., Limited) (HKSE: 1822) from April 11, 2016 for a one-year term and he was an independent non-executive director of Cheung Tai Hong Holdings Limited (now known as ITC Properties Group Limited) (HKSE: 0199) from October 29, 2001 to May 20, 2003.

Mr. Ho is currently also respectively appointed as an independent non-executive director of Yadong Group Holdings Limited (HKSE: 1795) since October 21, 2020 and an independent non-executive director of MicroTech Medical (Hangzhou) Co., Ltd. (HKSE: 2235) since April 21, 2021. In addition, he is also the independent non-executive director of Green Leader Holdings Group Limited (HKSE: 00061) since August 5, 2020. The securities of the above companies are listed on the Main Board of the Stock Exchange.

Mr. Ho holds a Bachelor Degree in Business Administration (Hons.), major in Accounting, from Hong Kong Baptist University (previously known as Hong Kong Baptist College) in Hong Kong in November 1990. He is an associate member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants.

Dr. Debra Yu ("**Dr. Yu**"), aged 60, is an independent non-executive Director of our Group. She joined our Group on March 1, 2023 and was appointed as an independent non-executive Director on the same date. She is primarily responsible for providing independent view to the Board. Dr. Yu, has more than 35 years of experience in strategy, business development, alliance management, investment banking, capital markets and venture capital. She is currently a director of Ascentage Pharma (a company dually listed on Nasdaq under the symbol AAPV and on HKG under the symbol 6855 since November 2024 and MeiraGTx (a company listed on Nasdaq under the symbol MGTX) since April 2022. She served as the president of LianBio (a company listed on Nasdaq under the symbol LIAN) from October 2019 to December 2022, where she also served as the chief business officer from October 2019 to September 2021 and the chief strategy officer from October 2021 to December 2022. Prior to that, Dr. Yu held leadership positions at various reputable companies, including managing director and head of cross border investment banking of China Renaissance (US) Securities from August 2016 to September 2019, managing director of Labrador Advisors, LLC from July 2009 to June 2016, vice president and head of strategy of WuXi AppTec, Inc. from 2008 to 2009 and senior director and team leader of the Pfizer Investments Group and Worldwide Business Development at Pfizer, Inc. from 2004 to 2008. Earlier in her career, Dr. Yu served as the managing director and a general partner of two venture capital firms in the San Francisco Bay Area which focus their investments in the life sciences sector.

Dr. Yu received a bachelor's degree in molecular biology from the Princeton University in June 1986 and subsequently received a medical degree from the Harvard Medical School in March 1992.

Mr. Peng Kuan Chan ("**Mr. Chan**"), aged 61, is an independent non-executive Director of our Group. He joined the Group on August 28, 2024 and was appointed as an independent non-executive Director on the same date. He is primarily responsible for supervising and providing oversight to the Board. Mr. Chan has more than 30 years of experience in finance and banking. Prior to joining the Group, Mr. Chan has been serving as an independent non-executive director of CANbridge Pharmaceuticals Inc., a company listed on the Stock Exchange (HKSE: 1228) and Yonghe Medical Group Co., Ltd., a company listed on the Stock Exchange (HKSE: 2279) since June 2021, respectively. Mr. Chan has been appointed as an independent non-executive director at Visen Pharmaceuticals (HKSE: 2561) effective as of April 1, 2021, which commenced its trading on the Stock Exchange on March 21, 2025. Mr. Chan served as an independent non-executive director at Yincheng International Holding Co., Ltd., a company listed on the Stock Exchange (HKSE: 1902) from February 2019 to November 2024 and resigned effective from November 16, 2024. From October 2017 to May 2019, Mr. Chan served as chief financial officer of Elegance Optical International Holdings Limited, a company listed on the Stock Exchange (HKSE: 907) and served as chief operating officer of CITIC Merchant Co., Limited (中信國通投資管理有限公司) from January 2012 to September 2017. Prior to that, Mr. Chan was the head of Asia CIG and Cleantech of Piper Jaffray Asia Limited from February 2011 to November 2011. From March 2005 to January 2011, Mr. Chan also worked at BNP Paribas Capital (Asia Pacific) Limited with his last position as a managing director of Corporate Finance — Greater China Coverage department. From August 2000 to December 2004, Mr. Chan served as an executive director of Sanyuan Group Limited (三元集團有限公司) ("**Sanyuan Group**"), a company incorporated in Hong Kong and principally engaged in property investment and biopharmaceuticals, which was delisted from the Stock Exchange in December 2009. Mr. Chan's mission with the Sanyuan Group was to restructure its business activities and materialize its debt restructuring plan. Please refer to the Company's announcement dated August 28, 2024 for more details.

Mr. Chan obtained his bachelor's degree in commerce from the University of Canterbury in New Zealand in May 1989. He received his master's degree in applied finance from Macquarie University in Australia in November 1998. Mr. Chan has been a member of the Hong Kong Institute of Certified Public Accountants (previously known as Hong Kong Society of Accountants) since July 1993. He obtained his professional qualification as a Chartered Accountant in November 1992 from the Chartered Accountants Australia and New Zealand (previously known as the Institute of Chartered Accountants of New Zealand).

SENIOR MANAGEMENT

Mr. Chunan Chen ("**Mr. Chen**"), aged 51, serves as senior vice president of our Company and head of manufacturing operations & general manager of our manufacturing site in Suzhou, overseeing all manufacturing operations management since joining in January 2021. Mr. Chen has strong professional background in pharmaceutical industry and a global management. He leads cross-functional teams responsible for commercial and clinical production, quality control, supply chain, facilities and engineering.

Prior to joining our Group, Mr. Chen served as manufacturing plant manager at Baxter Healthcare (Shanghai) Co Ltd where he successfully led continuous business growth and achieved strategic objective in manufacturing plant capacity expansion. With over two decades of experience in the medical device Industry, Mr. Chen has held leadership positions across engineering, quality and production. With a strong command of medical industry regulations, he has developed accumulated management expertise and strategy decision-making.

Mr. Chen obtained a master's degree in business administration from Antai College of Economics and Management of Shanghai Jiao Tong University in the PRC and a bachelor's degree from East China University of Science and Technology in the PRC.

Ms. Lin Fan ("**Ms. Fan**"), aged 46, holds a master's degree in business administration. She serves as vice president of our Company, overseeing corporate affairs and market access. She joined our Group in September 2024 and is primarily responsible for government affairs, market access, commercial channels and corporate promotion.

Prior to joining our Group, Ms. Fan held key leadership roles including: general manager of Innovent's Beijing branch and head of national market access department, head of public affairs at Jiangsu Hengrui Pharmaceuticals Co., Ltd. and head of strategic and market access at Pfizer China's Innovative Healthcare.

Ms. Jihua Qin ("**Ms. Qin**"), aged 45, is the vice president, head of marketing and medical affairs of our Company. Ms. Qin graduated from Soochow University in the PRC. She has accumulated more than 20 years of experience in the pharmaceutical industry and as a surgeon in front-line clinical work. She has successively held positions such as key account management, marketing, business development and sales in companies like Henlius Biotech, Innovent Biologics, Roche, and Bayer.

Prior to joining our Group, Ms. Qin served as the executive director of national key account management at Henlius Biotech and as a senior director of marketing and business development at Innovent Biologics.

Ms. Zhen Xia ("**Ms. Xia**"), aged 45, is the head of the clinical science department of our Company. She joined our Group in April 2023 and is mainly responsible for the clinical and medical functions of our Company, including clinical development, medical communication, pharmacovigilance and medical statistics.

Prior to joining our Group, Ms. Xia worked in multinational pharmaceutical companies such as Amgen China Research and Development Center and AstraZeneca China Research and Development Center in the development of new blood cancer pipelines. She has accumulated experience in the whole process from new drug project application, clinical research implementation to new drug application and listing. She successfully led the team to achieve the approval of multiple indications of acalabrutinib in China and assisted in developing of multiple small molecules, monoclonal antibodies, bispecific antibodies and other pipelines. Ms. Xia worked in the department of hematology of Ruijin Hospital, affiliated to Shanghai Jiaotong University School of Medicine in the PRC from 2005 to 2018.

Ms. Xia obtained a master's degree in hematology from Shanghai Jiaotong University School of Medicine in the PRC. Ms. Xia received specialized training in hematological cancers at Paris VI University/Hôtel-Dieu Hospital in Paris, France.

Report of Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on September 6, 2017 as an exempted company with limited liability under the laws of the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange on November 3, 2020.

PRINCIPAL ACTIVITIES

We are a leading clinical stage cell therapy company in China. Since our founding in 2016, we have built an integrated platform focused on developing, manufacturing and commercializing breakthrough cell-based immunotherapies for hematological cancers and solid tumors. Our vision is to become an innovation leader in cell immunotherapy. Analysis of the principal activities of the Group during the year ended December 31, 2024 is set out in the note 37 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 122 to 124 of this annual report.

FINAL DIVIDEND

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

No Shareholder has waived or agreed to waive any dividends.

BUSINESS REVIEW

Overview and Performance of the Year

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the Reporting Period are set out in the section headed "Events After the Reporting Period" in this report.

Principal Risks and Uncertainties

The following list is a summary of certain principal risks and uncertainties involved in our operations, some of which are beyond our control:

Risks Relating to Our Financial Position

- We have incurred significant losses since our inception, and we expect to continue to incur losses for the foreseeable future;
- An impairment in the carrying value of intangible assets could have a material adverse effect on our financial condition and results of operations.

Risks Relating to Our Business

- Changes in international trade or investment policies and barriers to trade or investment, the ongoing conflict and trade tension war between the U.S. and China may have an adverse effect on our business and expansion plans;
- We operate in a rapidly changing industry and we face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do, or developing product candidates or treatments that are safer, more effective, more effectively marketed or cost less than ours, or receive regulatory approval or reach the market earlier. As a result, our product candidates may not achieve the sales we anticipate and could be rendered non-competitive or obsolete;
- Our proprietary CAR-T preparation technologies and the manufacturing platform for our CAR-T product candidates represent emerging approaches to cancer treatment that face significant challenges and hurdles;
- Clinical development of biopharmaceutical products involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results;
- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates;
- We may not be successful in our efforts to build or in-license a pipeline of new product candidates. If we fail to do so, our commercial opportunity will be limited;
- We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or have a greater likelihood of success.

Risks Relating to Extensive Government Regulation

- All material aspects of the research, development, manufacturing and commercialization of biopharmaceutical products are heavily regulated. Any failure to comply with existing regulations and industry standards, or any adverse actions by the NMPA or other comparable regulatory 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 and other comparable regulatory authorities are lengthy, time-consuming and inherently unpredictable. If we are ultimately unable to obtain, or experience delays in obtaining, regulatory approval for our product candidates, our business will be substantially harmed;

- Changes in government regulations or in practices relating to the pharmaceutical and biopharmaceutical industries, including healthcare reform in China, and compliance with new regulations may result in additional costs;

- Even if we are able to commercialize any approved product candidates, the products may become subject to unfavorable pricing regulations, or to unfavorable changes in national or third-party reimbursement practices, which could harm our business.

Risks Relating to Manufacturing of Our Product Candidates

- Our product candidates are cell therapies. The manufacture of our product candidates is complex, and we may encounter difficulties in production, particularly with respect to development or scaling-out of our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure;

- Cell-based therapies rely on the availability of reagents, specialized equipment, and other specialty materials, which may not be available to us on acceptable terms or at all. For some of these reagents, equipment, and materials, we rely or may rely on sole source vendors or a limited number of vendors, which could impair our ability to manufacture and supply our products.

Risks Relating to Commercialization of Our Product Candidates

- The market opportunities for our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small, and our projections regarding the size of the addressable market may be incorrect;

- We may not be successful in achieving cost of goods at commercial scale that provide for an attractive margin. We believe that our current, robust manufacturing processes are fit for commercial scale and we anticipate they will enable commercial supply at an economical cost. However, we have not yet established manufacturing capacity at sufficient commercial scale and may underestimate the cost and time required to do so, or overestimate cost reductions from economies of scale that can be realized with our manufacturing processes. We may ultimately be unable to manage the cost of goods for our product candidates to levels that will allow for a margin in line with our expectations and return on investment if and when those product candidates are commercialized;

- Product liability claims or lawsuits could cause us to incur substantial liabilities, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur;

- The increasing use of social media platforms presents new risks and challenges.

Risks Relating to Our Intellectual Property Rights

- We depend on intellectual property licensed from third parties, and termination of any of these licenses or disruption to our business relationship with our licensors could result in monetary damages or the loss of significant rights, which would harm our business;

- If we or our licensors are unable to obtain and maintain adequate patent and other intellectual property protection for our product candidates and other intellectual property, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully develop and commercialize any of our product candidates or technologies may be adversely affected;

- If we determine that our intellectual property rights (including rights in-licensed from third parties) or other intangible assets are impaired, our results of operations and financial condition may be adversely affected;

- Even if we are able to obtain patent protection for our product candidates, the life of such protection, if any, is limited, and third parties could be able to circumvent our patents by developing similar or alternative products and technologies in a non-infringing manner, or 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 adversely affected.

Risks Relating to Our Doing Business in China

- The biopharmaceutical industry in China is highly regulated and such regulations are subject to change, which may affect approval and commercialization of our product candidates;

- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies;

- Our business benefits from certain financial incentives and preferential policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

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

For further details, please refer to the section headed "Risk Factors" in the Prospectus.

Environmental Policies and Performance

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

Compliance with Relevant Laws and Regulations

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

Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, medical experts, patients, customers, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, educating, collaborating, and cultivating strong relationships with them. The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group provides the employees with periodic training, including introductory training for new employees, technical training, professional and management training and health and safety training. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations. The Group conducts academic marketing activities to establish and maintain relationships with key opinion leaders in the national medical system. The Group provides these experts with detailed information on its products and helps them make independent comparison among competing products in the market. The Group also maintains long-term cooperative relationships with medical experts to help raise the Group's profile, enhance awareness of Group's products in the medical community and among patients, provide it with valuable clinical data to improve the Group's products, and collect feedback from the real world clinical practices and support on the patients group and comply with physicians to manage the side effects. For details of an account of the Company's key relationships with its main stakeholders, please see the "2024 Environmental, Social and Governance Report".

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 9 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

Our shares were listed on the main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on November 3, 2020 (the "**Listing**"). The Group received net proceeds (after deducting the underwriting fees and related costs and expenses) from the issue of new shares by the Company in its Listing and the subsequent over-allotment option partially exercised by the Joint Global Coordinators (as defined in the prospectus of the Company dated October 22, 2020 (the "**Prospectus**")) of approximately HKD2,495.8 million.

The net proceeds (adjusted on a pro rata basis based on the actual net proceeds) (the "**Net Proceeds**") have been and will be utilized in accordance with the purposes set out in the announcement dated March 20, 2024, which the Board has resolved to change and revise the allocation of the Net Proceeds and the Unutilized Net Proceeds (as shown below), for details of the reasons for the change in use of Net Proceeds, please refer to the aforementioned announcement of the Company. As of December 31, 2024, unutilized net proceeds from the issue of new shares by the Company in its Listing (including the partial exercise of the over-allotment option by the Joint Global Coordinators) (the "**Unutilized Net Proceeds**") amounted to HKD403.76 million.

The table below sets out the planned applications of the net proceeds and actual usage up to December 31, 2024:

Intended Applications	Revised Amount of Net Proceeds *(HKD million)*	Revised Percentage of total Net Proceeds	Net Proceeds brought forward for the Reporting Period *(HKD million)*	Actual usage up to December 31, 2024 *(HKD million)*	Unutilized Net Proceeds as at December 31, 2024 *(HKD million)*
Research and development activities relating to treatment of hematologic malignancies (including treatment of first-line and second-line LBCL, r/r FL, MCL, ALL, and other programs initiated by the Company using relma-cel)	200.00	24.53%	200.00	187.00	13.00
Research and development activities relating to treatment of solid tumors (including treatment of various solid tumors targeting MAGE-A4 (including JWTCR001), treatment of SCLC and other programs initiated by the Company targeting DLL3 (including JWCAR031), and treatment of HCC and other programs initiated by the Company targeting GPC3 (including JWATM204/JWATM214))	100.00	12.77%	100.00	42.69	57.31
Research and development activities relating to treatment of autoimmune diseases (including treatment of SLE and other programs initiated by the Company using relma-cel)	240.00	29.44%	240.00	103.80	136.20
Potential collaborations, acquisitions and in-licensing opportunities (including potential future collaboration with Acepodia)	100.00	12.27%	100.00	—	100.00
Developing and upgrading technologies, manufacturing platform capabilities and developing new therapy areas	95.00	11.65%	95.00	—	95.00
Working capital and general corporate purposes	80.19	9.84%	80.19	77.94	2.25
Total	815.19	100.0%	815.19	411.43	403.76

The Unutilized Net Proceeds are expected to be utilized by the end of 2025.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Reporting Period, the Group derived revenue from sales of our anti-CD19 autologous CAR-T cell immunotherapy product Carteyva®. For the year ended December 31, 2024, the Group's sales to its five largest customers accounted for 100% (2023: 100%) of the Group's total revenue and our single largest customer accounted for 100% (2023: 100%) of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2024, the Group's five largest suppliers accounted for 21% (2023: 25%) of the Group's total purchases and our single largest supplier accounted for 10% (2023: 8%) of the Group's total purchases.

During the Reporting Period, none of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares (excluding treasury shares) of the Company) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity on page 130 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company's reserves available for distribution, amounted to approximately RMB0.5 billion (as at December 31, 2023: RMB1.1 billion).

TAXATION

Tax position of the Company for the year ended December 31, 2024 is set out in note 12 to the consolidated financial information.

BANK LOANS AND OTHER BORROWINGS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

DIRECTORS

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

Executive Director

Mr. Min Liu *(Chief Executive Officer and Chairman) (appointed as Chief Executive Officer and as executive Director on July 31, 2024, appointed as Chairman on March 13, 2025)*

Non-executive Directors

Dr. Yiping James Li *(resigned as Chief Executive Officer and redesignated from executive Director on July 31, 2024, stepped down as Chairman on March 13, 2025)*
Ms. Xing Gao
Dr. Sungwon Song
Dr. Cheng Liu

Independent Non-executive Directors

Mr. Kin Cheong Kelvin Ho
Dr. Debra Yu
Mr. Peng Kuan Chan *(appointed on August 28, 2024)*
Mr. Yiu Leung Andy Cheung *(resigned on August 28, 2024)*
Dr. Ann Li Lee *(resigned on July 31, 2024)*
Dr. Krishnan Viswanadhan *(resigned on July 31, 2024)*

In accordance with article 16.2 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as addition to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

In accordance with article 16.19 of the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation and be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at least once every three years.

Accordingly, Mr. Min Liu, Mr. Peng Kuan Chan, Ms. Xing Gao and Mr. Kin Cheong Kelvin Ho will retire and, being eligible, have offered themselves for re-election as Director at the forthcoming AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders to be despatched to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 40 to 45 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended December 31, 2024 and remain so as of the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Directors with service contracts or appointment letters serve a three-year term and are subject to retirement by rotation and re-election pursuant to the Articles of Association and the Listing Rules. None of the Directors who are proposed for re-election at the annual general meeting has a service contract or appointment letter with the Company not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party for during the year ended December 31, 2024 and up to the date of this annual report.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

The Company has no controlling shareholder.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended December 31, 2024 and up to the date of this annual report.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2024, we had 281 employees representing a decrease of 29.4% from 398 employees as of December 31, 2023. The following table sets forth the total number of employees by function as at December 31, 2024:

	Number of Employees	% of total
Manufacturing operations	116	41.3%
MAH quality assurance	9	3.2%
Research and development	71	25.3%
Commercial	49	17.4%
Support functions and business development	36	12.8%
Total	**281**	**100.0%**

The total remuneration cost (including Directors' emoluments) incurred by the Group for the year ended December 31, 2024 was RMB227.7 million, as compared to RMB323.6 million for the year ended December 31, 2023.

The remuneration of the employees of the Group comprises salaries, bonuses, employees provident fund and social security contributions, other welfare payments and share-based compensation expenses. In accordance with applicable Chinese laws, the Group has made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for the Group's employees.

The Company has also adopted the Pre-IPO Incentivization Scheme, the Post-IPO Incentivization Scheme, the Pre-IPO Restricted Share Unit Schemes and the Post-IPO Restricted Share Unit Scheme. Please refer to the section headed "Share Incentivization Schemes" in this annual report for further details.

PENSION AND EMPLOYEE BENEFITS SCHEME

Our employees' remuneration consists of salaries, bonuses, employees provident fund, and social security contributions, other welfare payments and share-based compensation expenses. In accordance with applicable PRC laws, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. Details of the retirement and employee benefits scheme of the Company are set out in note 10 to the consolidated financial statements.

CHANGES IN DIRECTOR'S INFORMATION

With effect from March 13, 2025, Mr. Liu has been appointed as the Chairman following the stepping down of Dr. Li from his role as the Chairman. Save as disclosed above and in the section headed "Directors and Senior Management" in this annual report, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2024 interim report of the Company.

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

As at December 31, 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were 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 were as follows:

Interest in Shares and underlying Shares

Name of Director	Capacity/nature of interest	Number of shares/ underlying shares	Approximate Percentage of Shareholding in the Company[2]	Long position/ Short position/ Lending pool
Dr. Li[1]	Beneficial interest	18,623,515	4.48%	Long position
	Interest in controlled corporation	9,206,460	2.22%	Long position
Mr. Liu	Beneficial interest	1,900,000	0.46%	Long position
Dr. Cheng Liu	Beneficial interest	5,764,582	1.39%	Long position

Notes:

(1) Dr. Li held (i) 7,500,000 Shares through his direct interests in JDI Capital Management Limited and (ii) 1,706,460 Shares through his indirect interests in Park Place Capital Management & Consulting Limited. Park Place Capital Management & Consulting Limited is wholly-owned by JDI Capital Management Limited which in turn is wholly-owned by Dr. Li.

As at December 31, 2024, Dr. Li is interested in a total of 18,623,515 underlying Shares in the Company, which comprises 14,605,766 Restricted Share Units granted to him pursuant to the Restricted Share Unit Scheme and 4,017,749 share options granted to him pursuant to the Post-IPO Incentivization Scheme.

Accordingly, Dr. Li is interested in an aggregate of 27,829,975 Shares in the Company.

(2) As at December 31, 2024, Mr. Liu is interested in a total of 1,900,000 underlying Shares in the Company, which comprises 1,500,000 share options granted to him pursuant to the Post-IPO Incentivization Scheme and 400,000 Restricted Share Units granted to him pursuant to the Post-IPO Restricted Share Unit Scheme.

(3) The calculation is based on the total number of 415,532,498 Shares in issue as at December 31, 2024.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

Name of Shareholder	Capacity/Nature of interest	Number of Shares/ underlying Shares	Approximate Percentage of Shareholding in the Company[2]	Long Position/ Short Position/ Lending Pool
Juno[1]	Beneficial interest	70,231,140	16.90%	Long position
Celgene Corporation[1]	Interest in controlled corporation	70,231,140	16.90%	Long position
BMS[1]	Interest in controlled corporation	70,231,140	16.90%	Long position

Notes:

(1) As at December 31, 2024, Juno directly held 70,231,140 Shares. Pursuant to the BCMA License Agreement, the 4,665,530 Juno Settlement Shares may be issued to Juno upon exercise of the second warrant as part of the second upfront payment in relation to Juno's orva-cel. In February 2021, BMS announced that it would discontinue clinical development of orva-cel and therefore, the 4,665,530 Juno Settlement Shares shall no longer be issued to Juno. Juno is wholly-owned by Celgene which is in turn wholly-owned by BMS. As such, under the SFO, BMS (through its interest in a controlled corporation) is deemed to be interested in 70,231,140 Shares held by Juno.

(2) The calculation is based on the total number of 415,532,498 Shares in issue as at December 31, 2024.

Save as disclosed above, as at December 31, 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE INCENTIVIZATION SCHEMES

Pre-IPO Incentivization Scheme

Our Company adopted the Pre-IPO Incentivization Scheme on September 4, 2019. The purpose of the Pre-IPO Incentivization Scheme is to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group.

Options granted generally vest over a four-year period from the date of grant. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

The maximum entitlement for each participant is that the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of options to any one participant in excess of the Individual Limit shall be subject to the Shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The options under the Pre-IPO Incentivization Scheme were granted to the grantees at nil consideration. An option may be exercised in accordance with the terms of the Pre-IPO Incentivization Scheme at any time for a period of 10 years after the date of grant of the option for each corresponding grantee as set out in their respective offer letters.

As of January 1, 2024 and December 31, 2024, the total number of share options available for grant under the scheme mandates of the Pre-IPO Incentivization Scheme was 1,438,704. The Pre-IPO Incentivization Scheme does not have a service provider sublimit. As at the date of this annual report, the total number of shares available for issue under the Pre-IPO Incentivization Scheme was 1,438,704, representing approximately 0.35% of the total Shares in issue (excluding treasury Shares).

The Pre-IPO Incentivization Scheme has a remaining term of approximately four years as of the date of this report.

Details of options granted under the Pre-IPO Incentivization Scheme during the Reporting Period is as follows:

Name of Participant or Category of Participant	Date of grant	Number of outstanding options held at January 1, 2024	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of outstanding options held at December 31, 2024	Exercise Period[1]	Vesting Period[2]	Exercise Price (HKD)	Weighted average closing price of the shares immediately before the dates on which the options were exercised (HKD)	Fair value of options at the date of grant (USD)
Other employee participants	04-09-2019	1,147,380	—	—	—	570,450	576,930	10 years	4 years	0.775	1.93	0.63
	04-09-2019	220,140	—	—	—	—	220,140	10 years	4 years	5.07625	—	0.33
	30-06-2020	750,250	—	10,780	—	313,670	425,800	10 years	4 years	0.000775	1.57	1.92
	10-09-2020	1,122,943	—	73,320	—	1,049,623	—	10 years	4 years	0.000078	2.02	2.43
Other Related Entity Participants						N/A						
Other Service Providers						N/A						

Notes:

(1) An option may be exercised in accordance with the terms of the Pre-IPO Incentivization Scheme at any time for a period of 10 years from the date of grant for each corresponding grantee as set out in their respective offer letters.

(2) Options granted generally vest over a four-year period from the date of grant. The options shall vest in accordance with either of these vesting schedules: (i) with 30% of total options shall vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; or (ii) with 25% of total options shall vest on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(3) All options granted under the Pre-IPO Incentivization Scheme were not subject to any performance targets.

(4) The options under the Pre-IPO Incentivization Scheme were granted to the grantees at nil consideration.

(5) The closing price of the Shares immediately before the dates on which the options were granted was not applicable as the Company was not yet listed on the dates of grant.

(6) During the Reporting Period, the number of Shares that may be issued in respect of the options granted under the Pre-IPO Incentivization Scheme divided by the weighted average number of total Shares in issue was approximately 0.35%.

(7) During the Reporting Period, no grants were made to any eligible participants of the Pre-IPO Incentivization Scheme with options granted or to be granted in excess of the 1% individual limit and no grants were made to any related entity participants or service providers with options granted or to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares) of the Company.

(8) For details of the basis of measurement for the fair value of options granted, please refer to note 30 headed "Share-based payments" of the consolidated financial statements.

Post-IPO Incentivization Scheme

Our Company adopted the Post-IPO Incentivization Scheme on October 14, 2020. The purpose of the Post-IPO Incentivization Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group.

Options granted generally vest over a four-year period from the date of grant. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

The options under the Post-IPO Incentivization Scheme were granted to the grantees at nil consideration. An option may be exercised in accordance with the terms of the Post-IPO Incentivization Scheme at any time for a period of ten years after the date of grant of the option for each corresponding grantee as set out in their respective offer letters. The date of board meeting for proposing any grant of options under the Post-IPO Incentivization Scheme should be taken as the date of grant for the purpose of calculating the exercise price pursuant to Rule 17.03E of the Listing Rules.

The maximum entitlement for any one participant is that the total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed the Individual Limit. Any further grant of options to any one participant in excess of the Individual Limit shall be subject to the Shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The Post-IPO Incentivization Scheme has been administered by the Board in accordance with the relevant scheme rules. During the Reporting Period, having reviewed and considered current and anticipated growth needs of the Company while aiming to limit unnecessary dilution of shareholders equity, the Board has resolved to re-utilize a total of 3,568,312 previously granted but lapsed share options as permissible under the Post-IPO Incentivization Scheme and in compliance with the Listing Rules.

As of January 1, 2024 and December 31, 2024, the total number of share options available for grant under the scheme mandates of the Post-IPO Incentivization Scheme was 25,192,815 and 26,696,490, respectively. The Post-IPO Incentivization Scheme does not have a service provider sublimit. As at the date of this annual report, the total number of shares available for issue under the Post-IPO Incentivization Scheme was 26,696,490, representing approximately 6.42% of the total Shares in issue (excluding treasury Shares).

The Post-IPO Incentivization Scheme has a remaining term of approximately four years as of the date of this report.

With respect to the 1,500,000 options granted to Mr. Min Liu, an executive Director of the Company, on September 2, 2024, a time-based vesting schedule is applicable to the options granted with no performance target attached. The options granted will give Mr. Liu an opportunity to have a personal stake in the Company and will help motivate him in optimizing his performance and efficiency. The number of options granted is based on the potential of Mr. Liu and no additional performance target is imposed before the options are vested to Mr. Liu. In view of the above and in line with the customary practice of the Company in terms of equity based remuneration, the Remuneration Committee of the Board (the "**Remuneration Committee**") considered the grant of options to be in alignment with the purposes of the Post-IPO Incentivization Scheme.

Details of options granted under the Post-IPO Incentivization Scheme during the Reporting Period is as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the options were granted *(HKD)*	Number of outstanding options held at January 1, 2024	Number of options granted	Number of options lapsed	Number of options cancelled	Number of options exercised	Number of outstanding options held at December 31, 2024	Exercise Period[1]	Vesting Period	Exercise Price *(HKD)*	Weighted average closing price of the shares immediately before the dates on which the options were exercised *(HKD)*	Fair value of options at the date of grant *(HKD)*
Director													
Dr. Li, non-executive Director	30–09–2021	14.74	4,017,749	–	–	–	–	4,017,749	10 years	4 years[2]	–	–	6.928
Mr. Liu, Chairman and executive Director	02–09–2024	1.34	–	1,500,000	–	–	–	1,500,000	10 years	4 years[3]	1.32	–	0.62
Other employee participants	30–09–2021	14.74	1,881,420	–	424,399	–	–	1,457,021	10 years	4 years[2]	16.2	–	6.928/7.836
	17–12–2021	11.36	277,471	–	19,853	–	–	257,618	10 years	4 years[3]	11.992	–	5.472/5.779
	24–06–2022	8.26	1,783,359	–	926,382	–	–	856,977	10 years	4 years[2]	8.94	–	4.588/4.818
	29–09–2022	3.25	660,001	–	653,334	–	–	6,667	10 years	4 years[3]	3.31	–	1.578/1.676
	16–12–2022	4.34	41,667	–	11,667	–	–	30,000	10 years	4 years[3]	4.83	–	2.058/2.194
	29–08–2023	6.35	1,467,845	–	1,190,838	–	–	277,007	10 years	4 years[2][5]	2.46	–	1.54/1.57
	02–09–2024	1.34	–	539,144	–	–	–	539,144	10 years	4 years[3][6]	1.32	–	0.57
Other Related Entity Participants							N/A						
Other Service Providers							N/A						

Notes:

(1) An option may be exercised in accordance with the terms of the Post-IPO Incentivization Scheme at any time for a period of ten years after the date of grant of the option for each corresponding grantee as set out in their respective offer letters.

(2) Options granted generally vest over a four-year period from the date of grant. The options shall vest in accordance with either of these vesting schedules: (i) with 30% of total options shall vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; or (ii) with 25% of total options shall vest on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(3) Options granted generally vest over a four-year period from the date of grant, with 30% of total options shall vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively.

(4) All options granted under the Post-IPO Incentivization Scheme prior to August 29, 2023 were not subject to any performance targets.

(5) The vesting of the options granted to other employee participants (the "**Grantees**") on August 29, 2023 is conditional upon the Grantees having fulfilled certain performance targets and other requirements as set out in the option letters entered into between the Company and the Grantees. Such performance targets include the Grantees' individual appraisal results with respect to the relevant vesting period. The options granted will only be vested if the Grantee passes his or her respective performance evaluation for the fiscal year preceding the corresponding vesting period. If the Grantee fails to achieve, the unvested options of the corresponding vesting period shall automatically lapse.

(6) The vesting of the options granted to an employee participant (the "**Grantee**") on September 2, 2024 is conditional upon the Grantee having fulfilled certain performance targets and other requirements as set out in the option letters entered into between the Company and the Grantee. Such performance targets include the Grantee's individual appraisal results with respect to the relevant vesting period. The options granted will only be vested if the Grantee passes his or her respective performance evaluation for the fiscal year preceding the corresponding vesting period. If the Grantee fails to achieve, the unvested options of the corresponding vesting period shall automatically lapse.

(7) During the Reporting Period, the number of Shares that may be issued in respect of options granted under the Post-IPO Incentivization Scheme divided by the weighted average number of total Shares in issue was approximately 0.49%.

(8) During the Reporting Period, no grants were made to any eligible participants of the Post-IPO Incentivization Scheme with options granted or to be granted in excess of the 1% individual limit and no grants were made to any related entity participants or service providers with options granted or to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares) of the Company.

(9) For details of the basis of measurement for the fair value of options granted, please refer to note 30 headed "Share-based payments" of the consolidated financial statements.

Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme (the "Restricted Share Unit Schemes")

Our Company adopted the Pre-IPO Restricted Share Unit Scheme on September 4, 2019 and the Post-IPO Restricted Share Unit Scheme on October 14, 2020. The purpose of the Restricted Share Unit Schemes is to attract, retain and motivate employees, Directors and such other eligible persons and to provide a means of compensating them through the grant of RSUs for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group.

RSUs granted generally vest over a four-year period from the date of grant. There are two types of vesting schedules: (i) with 30% of total options vesting on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% of total options vesting on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively. The RSUs under the Restricted Share Unit Schemes were granted to the grantees at nil consideration and were or will be transferred to the grantees upon vesting at nil consideration.

The maximum entitlement for each participant is that the total number of Shares issued and to be issued upon exercise of the RSUs granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed the Individual Limit. Any further grant of RSUs to any one participant in excess of the Individual Limit shall be subject to the Shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The Post-IPO Restricted Share Unit Scheme has been administered by the Board in accordance with the relevant scheme rules. During the Reporting Period, having reviewed and considered current and anticipated growth needs of the Company while aiming to limit unnecessary dilution of shareholders equity, the Board has resolved to re-utilize a total of 2,973,068 previously granted but lapsed RSUs as permissible under the Post-IPO Restricted Share Unit Scheme and in compliance with the Listing Rules.

As of January 1, 2024 and December 31, 2024, the total number of RSUs available for grant under the Pre-IPO Restricted Share Unit Scheme was 1,438,704 and the Post-IPO Restricted Share Unit Scheme was 1,065,262 and 3,382,363, respectively. As at the date of this annual report, the total number of shares available for issue under the Pre-IPO Restricted Share Unit Scheme and the Post-IPO Restricted Share Unit Scheme were 1,438,704 and 3,382,363, representing approximately 0.35% and 0.81% of the total Shares in issue (excluding treasury Shares), respectively.

The Restricted Share Unit Schemes will remain in force for a period of ten years unless terminated sooner, and has a remaining term of approximately four years as of the date of this report.

With respect to the RSUs granted to Mr. Liu, an executive Director of the Company, on September 2, 2024, a time-based vesting schedule is applicable to the RSUs granted with no performance target attached. The RSUs granted will give Mr. Liu an opportunity to have a personal stake in the Company and will help motivate him in optimizing his performance and efficiency. The number of RSUs granted is based on the potential of Mr. Liu and no additional performance target is imposed before the RSUs are vested to Mr. Liu. In view of the above and in line with the customary practice of the Company in terms of equity-based remuneration, the Remuneration Committee considered the grant of RSUs are in alignment with the purposes of the Post-IPO Restricted Share Unit Scheme.

Details of RSUs granted under the Pre-IPO Restricted Share Unit Scheme during the Reporting Period are as follows:

Name of Participant or Category of Participant	Date of grant	Number of outstanding RSUs held at January 1, 2024	Number of RSUs granted	Number of RSUs lapsed	Number of RSUs cancelled	Number of RSUs vested	Number of outstanding RSUs held at December 31, 2024	Exercise Period[4]	Vesting Period[2]	Purchase Price	Weighted average closing price of the shares immediately before the dates on which the RSUs were vested *(HKD)*	Fair value of RSUs at the date of grant *(USD)*
Directors												
Dr. Li, non-executive Director	30-06-2020	761,440	–	–	–	–	761,440	N/A	4 years	Nil	–	1.92
Other employee participants	30-06-2020	341,950	–	9,540	–	332,410	–	N/A	4 years	Nil	2.33	1.92
	10-09-2020	241,225	–	45,702	–	195,523	–	N/A	4 years	Nil	1.89	2.43
Other Related Entity Participants						N/A						
Other Service Providers						N/A						

Notes:

(1) The closing prices of Shares immediately before the dates on which the RSUs were granted under the Pre-IPO Restricted Share Unit Scheme was not applicable as the Company was not yet listed on the dates of grant.

(2) RSUs granted generally vest over a four-year period from the date of grant. The RSUs shall vest in accordance with either of these vesting schedules: (i) with 30% of total options shall vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; or (ii) with 25% of total options shall vest on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(3) All RSUs granted under the Pre-IPO Restricted Share Unit Scheme were not subject to any performance targets.

(4) Exercise period is not applicable to RSUs.

(5) During the Reporting Period, the number of Shares that may be issued in respect of RSUs granted under the Pre-IPO Restricted Share Unit Scheme divided by the weighted average number of total Shares in issue was approximately 0.35%.

(6) During the Reporting Period, no grants were made to any eligible participants of the Pre-IPO Restricted Share Unit Scheme with RSUs granted or to be granted in excess of the 1% individual limit and no grants were made to any related entity participants or service providers with RSUs granted or to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares) of the Company.

(7) For details of the basis of measurement for the fair value of RSUs granted, please refer to note 30 headed "Share-based payments" of the consolidated financial statements.

Details of RSUs granted under the Post-IPO Restricted Share Unit Scheme during the Reporting Period are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted *(HKD)*	Number of outstanding RSUs held at January 1, 2024	Number of RSUs granted	Number of RSUs lapsed	Number of RSUs cancelled	Number of RSUs vested	Number of outstanding RSUs held at December 31, 2024	Exercise Period[8]	Vesting Period	Purchase price	Weighted average closing price of the shares immediately before the dates on which the RSUs were vested *(HKD)*	Fair value of RSUs at the date of grant *(HKD)*
Director													
Dr. Li, non-executive Director	30-09-2021	14.74	1,008,574	–	–	–	–	1,008,574	N/A	4 years[1]	Nil	–	14.92
Mr. Liu, Chairman and executive Director	02-09-2024	1.34	–	400,000	–	–	–	400,000	N/A	4 years[2]	Nil	–	1.28
Other employee participants	30-09-2021	14.74	617,719	–	204,820	–	299,731	113,168	N/A	4 years[1]	Nil	1.91	14.92
	17-12-2021	11.36	83,164	–	13,897	–	29,686	39,581	N/A	4 years[2]	Nil	1.89	11.48
	24-06-2022	8.26	984,890	–	500,162	–	307,138	177,590	N/A	4 years[1]	Nil	2.05	8.94
	29-09-2022	3.25	360,001	–	247,334	–	108,000	4,667	N/A	4 years[2]	Nil	1.83	3.18
	16-12-2022	4.34	36,667	–	11,667	–	7,500	17,500	N/A	4 years[2]	Nil	2.06	4.25
	29-08-2023	6.35	890,918	–	693,700	–	103,330	93,888	N/A	4 years[1][4]	Nil	1.34	2.46
	02-09-2024	1.34	–	269,572	–	–	–	269,572	N/A	4 years[5]	Nil	–	1.28
Other Related Entity Participants							N/A						
Other Service Providers							N/A						

Notes:

(1) RSUs granted generally vest over a four-year period from the date of grant. The RSUs shall vest in accordance with either of these vesting schedules: (i) with 30% of total options shall vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; or (ii) with 25% of total options shall vest on the first anniversary of the vesting commencement date and the remaining 25%, 25% and 25% shall vest on the second anniversary, third anniversary and fourth anniversary of the vesting commencement date, respectively.

(2) RSUs granted generally vest over a four-year period from the date of grant, with 30% of total options shall vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% shall vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively.

(3) All RSUs granted under the Post-IPO Restricted Share Unit Scheme prior to August 29, 2023 were not subject to any performance targets.

(4) The vesting of the RSUs granted to the other employee participants (the "**Grantees**") on August 29, 2023 is conditional upon the Grantees having fulfilled certain performance targets and other requirements as set out in the award agreements entered into between the Company and the Grantees. Such performance targets include the Grantees' individual appraisal results with respect to the relevant vesting period. The RSUs will only be vested if the Grantee passes his or her respective performance evaluation for the fiscal year preceding the corresponding vesting period. If the Grantee fails to achieve, the unvested RSUs of the corresponding vesting period shall automatically lapse.

(5) With respect to the RSUs granted to an employee participant (the "**Grantee**") on September 2, 2024, the vesting of the RSUs granted is conditional upon the Grantee having fulfilled certain performance targets and other requirements as set out in the award agreement entered into between the Company and the Grantee. Such performance targets include the Grantee's individual appraisal results with respect to the relevant vesting period. The RSUs will only be vested if the Grantee passes his or her respective performance evaluation for the fiscal year preceding the corresponding vesting period. If the Grantee fails to achieve, the unvested RSUs of the corresponding vesting period shall automatically lapse.

(6) During the Reporting Period, the number of Shares that may be issued in respect of RSUs granted under the Post-IPO Restricted Share Unit Scheme divided by the weighted average number of total Shares in issue was approximately 0.16%.

(7) During the Reporting Period, no grants were made to any eligible participants of the Post-IPO Restricted Share Unit Scheme with RSUs granted or to be granted in excess of the 1% individual limit and no grants were made to any related entity participants or service providers with RSUs granted or to be granted in any 12-month period exceeding 0.1% of the relevant class of shares in issue (excluding treasury shares) of the Company.

(8) Exercise period is not applicable to RSUs.

(9) For details of the basis of measurement for the fair value of RSUs granted, please refer to note 30 headed "Share-based payments" of the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at December 31, 2024, the Company did not hold any treasury shares as defined under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

TAX RELIEF

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

For the year ended December 31, 2024, the Group had entered into connected transactions as set out below. For detailed terms of existing non-exempt continuing connected transactions and connected transactions of the Group, please refer to the section headed "Connected Transactions" in the Prospectus and the announcements of the Company dated December 20, 2022 and May 21, 2023.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Vector Supply Agreement

Principal terms

Our Company entered into a vector supply agreement with Juno on May 19, 2023, pursuant to which we agree to procure viral vectors from Juno in connection with the clinical development and commercialization of relma-cel, subject to the terms and conditions therein (the "**Vector Supply Agreement**"). The Vector Supply Agreement is effective from the date when we obtains the requisite approval from the Shareholders (i.e. June 26, 2023) and will expire on the later of (i) December 31, 2025 or (ii) the completion of activities under project plans executed by the parties prior to December 31, 2025.

Reasons for and benefits of the transactions

Juno is a global leading company in the development of cell therapies. Juno procures viral vectors from independent contractors globally for both clinical stage developments as well as anticipated commercialization of its own pipeline products. Our lead product, relma-cel, is developed based on the CAR construct we in-licensed from Juno and share similar characteristics and requirements for viral vector supplies. Accordingly, Juno has been providing the Group with high quality and cost effective supply of viral vectors for our research and development and commercialization of relma-cel.

Annual cap

For the period commencing from June 26, 2023 and ended on December 31, 2023, the total amount payable by the Company to Juno under the Vector Supply Agreement is expected not to exceed approximately RMB76.8 million (equivalent to approximately US$11.0 million). For the two years ending December 31, 2024 and 2025, the total amount payable by the Company to Juno under the Vector Supply Agreement is expected not to exceed approximately RMB137.6 million (equivalent to approximately US$19.8 million) and approximately RMB220.1 million (equivalent to approximately US$31.6 million), respectively.

During the year ended December 31, 2024, the total amount payable by our Group to Juno under the Vector Supply Agreement amounted to US$3 million (equivalent to RMB21.5 million), which falls within the proposed annual cap as set out above.

Listing Rules Implications

As at December 31, 2024, the Company was directly owned as to 16.90% by Juno, Juno is therefore one of the Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Juno is a connected person of our Company. Therefore, the transactions contemplated under the Vector Supply Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors and the auditor of the Company have reviewed the transactions in relation to the Vector Supply Agreement on an annual basis and confirmed the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively.

License and Strategic Alliance Agreement with Juno

Principal terms

The Company entered into the License and Strategic Alliance Agreement with Juno on December 13, 2017, pursuant to which the Company has the right of first negotiation to license or obtain the rights to Juno's engineered T-cell pipeline product candidates in the field of treatment or amelioration of cancer or auto-immune disorders for further development and commercialization in Mainland China, Hong Kong and Macau (the "**Territory**"). Juno also granted us an exclusive, sublicensable, transferable and fee-bearing license under Juno's interest in or Juno's license rights to certain patent rights and know-how, and a non-exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured relma-cel in Mainland China, Hong Kong and Macau. For further details, please refer to the section headed "Business — Collaboration and License Agreements — License Agreements with Juno" in the Prospectus. In consideration of the rights granted to us, we are required to make various upfront, milestone, royalty payments and reimbursement to Juno and the Company has set caps for milestone payment, royalty payment and reimbursement under the License and Strategic Alliance Agreement (which does not affect the Company's payment obligations under the License and Strategic Alliance Agreement but merely set for the purpose of complying with the Listing Rules) as follows:

Upfront payment : The Company shall provide Juno upfront share-based payment by (i) issuing Series A1 Preferred Shares to Juno in Series A1 financing with an aggregate value of approximately US$8.9 million and (ii) issuing such number of Series A2 Preferred Shares to Juno in Series A2 financing such that immediately following closing of the Series A2 financing, Juno will be the holder of such number of Shares, Series A1 Preferred Shares and Series A2 Preferred Shares that together represent an indirect ownership interest of 35% of all of the equity interests in JW Shanghai on a fully-diluted basis.

The Company made the above upfront payment by issuing 641,975 Series A1 Preferred Shares on February 23, 2018 and 3,316,825 Series A2 Preferred Shares to Juno on May 9, 2019. All such Series A1 Preferred Shares and Series A2 Preferred Shares were converted into ordinary shares upon Listing.

Milestone payment : The Company to provide Juno milestone payment in cash in an amount of US$5 million based on earlier occurrence of (i) milestone events relating to certain regulatory approvals and (ii) treatment of 100 patients with relma-cel in clinical trials.

In 2021, the Company provided Juno milestone payment in cash in an amount of US$5 million upon the completion of the treatment of 100 patients with relma-cel in clinical trials in January 2021.

Royalty payment	:	We are required to pay Juno royalty payments in cash for relma-cel and any related diagnostic products based on annual net sales in the Territory, subject to certain adjustments in specified circumstances under the License and Strategic Alliance Agreement. For the year ended December 31, 2024, the total royalty payment was amounted to US$1.32 million.
Reimbursement	:	We are required to pay to Juno in cash the sum of, among others, all milestone payments and royalties owed by Juno to third parties with respect to relma-cel and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization. For the year ended December 31, 2024, the total reimbursement was amounted to US$1.40 million.
Caps for milestone payment, royalty payment and reimbursement *(Note 1)*	:	The annual cap set for the milestone payment to be paid to Juno pursuant to the License and Strategic Alliance Agreement for the year ended December 31, 2024 was nil as no milestone payment was expected to be payable during the year. The annual cap for royalty payment and reimbursement to be paid to Juno pursuant to the License and Strategic Alliance Agreement for 2022, 2023 and 2024 will be determined in accordance with the following formula: Annual cap for royalty payment and reimbursement = 16% × annual net sales of the relevant products

(1) The caps do not affect the Company's payment obligations under the License and Strategic Alliance Agreement and are merely set for the purpose of complying with the Listing Rules.

The License and Strategic Alliance Agreement became effective on December 13, 2017 and continues until the later of (i) the expiration or termination of all then existing Juno pipeline product licenses; or (ii) the expiration of the royalty term. The royalty term applies on a product-by-product and country-by-country basis commencing upon the first commercial sale of relma-cel or a related diagnostic product in the Territory, with the end date varying depending on the type of royalty owed to Juno. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach that has frustrated the fundamental purpose of this agreement, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, or by Juno if either party receives notice from the relevant regulatory authority alleging significant concerns regarding a patient safety issue that Juno reasonably believes would seriously impact the long-term viability of relma-cel. For further details of the License and Strategic Alliance Agreement, please refer to the section headed "Business — License Agreements with Juno — Rights In-licensed from Juno — Relma-cel" in the Prospectus.

Reasons for and benefits of the transactions

As the Company is a clinical and pre-clinical stage cell therapy company in the early stages of development, the licenses, technologies and know-how granted by Juno are essential to our development process. Juno and our Company established a strategic alliance to utilize Shanghai Ming Ju to conduct clinical trials in connection with the research, development, manufacturing and commercialization of certain cellular therapy products, including relma-cel, in China.

The royalty payment is a revenue sharing arrangement which was determined after arm's length negotiations between us and Juno, taking into account that it is common practice to share future sales revenue and proceeds from transfer of sub-licensing rights which in turn lowers the upfront fixed payment payable by the licensee in the Chinese biopharmaceutical market, according to Frost & Sullivan.

Listing Rules Implications and Waivers from the Stock Exchange under the License and Strategic Alliance Agreement with Juno

As at December 31, 2024, the Company was directly owned as to 16.90% by Juno, Juno is therefore one of the Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Juno is a connected person of our Company. Therefore, the transactions contemplated under the License and Strategic Alliance Agreement with Juno constitute continuing connected transactions of the Company under the Listing Rules.

The Stock Exchange has granted the waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules in respect of the continuing connected transactions under the License and Strategic Alliance Agreement and such waiver was set for a term of three years ending on December 31, 2022. In July, 2022, the Company has applied for, and the Stock Exchange has granted the Company, an extension to such waiver, covering the period from January 1, 2023 to August 31, 2024. In April 2024, the Company has applied for and the Stock Exchange has granted the Company, a further extension to such waiver, covering the period from September 1, 2024 to December 31, 2026, subject to the following conditions:

(1) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the License and Strategic Alliance Agreement;

(2) the Company will designate a team to execute and ensure that the transactions in relation to the License and Strategic Alliance Agreement are undertaken in accordance with the terms therein;

(3) the Company's CEO, Mr. Min Liu, will use his best endeavours to supervise the compliance with the terms of the License and Strategic Alliance Agreement and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;

(4) the independent non-executive Directors and the auditor of the Company will review the transactions in relation to the License and Strategic Alliance Agreement on an annual basis and confirm in our annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;

(5) the Company will disclose in the announcement the background for entering into the License and Strategic Alliance Agreement, the terms of the License and Strategic Alliance Agreement, the grounds for the waiver sought and the Directors' views on the fairness and reasonableness of the transactions under the License and Strategic Alliance Agreement;

(6) our Company will set monetary caps by making announcement(s) (where appropriate) for the purpose of Rule 14A.53 of the Listing Rules; and such transaction will be subject to, among others, circular and independent shareholders' approval requirements if the highest applicable percentage ratio is more than 5%. In addition, the Company will disclose in its annual report a clear description of the basis for calculating the fees payable to Juno under the License and Strategic Alliance Agreement and any changes to such basis would be subject to independent shareholders' approval;

(7) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of the Prospectus on the above continuing connected transactions, the Company will take immediate steps to ensure compliance with such new requirements;

(8) apart from complying with reporting, announcement and independent Shareholders' approval requirements, setting a term of not exceeding three years and setting fixed monetary annual cap for which waivers are sought, our Company will comply with other requirements under Chapter 14A of the Listing Rules;

(9) for as long as Juno remains as a connected person of the Company continuing connected transactions under the License and Strategic Alliance Agreement, will comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirement under Chapter 14A of the Listing Rules (subject to such waivers, if any, as the Stock Exchange may grant upon application from our Company); and

(10) if there is any material deviation on the arrangement under the License and Strategic Alliance Agreement and the Company has more certainty on the expected level of net sales of relma-cel, the Company will re-apply for a cap in compliance with Chapter 14A of the Listing Rules.

After taking into account, among other things, the addressable market, the drug pricing and the historical transaction amount of the relevant products, the Company has applied to the Stock Exchange to extend the existing waiver.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors and the auditor of the Company have reviewed the transactions in relation to the License and Strategic Alliance Agreement on an annual basis and confirmed the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively.

BCMA License Agreement with Juno

Principal terms

The Company entered into a license agreement with Juno on April 11, 2019 pursuant to which Juno granted the Company an exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured JWCAR129, or related diagnostic products, in the JWCAR129 Field in the Territory. For further details, please refer to the section headed "Business -Collaboration and License Agreements — License Agreements with Juno" in the Prospectus. In consideration of the rights granted to us, we are required to make various upfront, milestone, royalty payments and reimbursement to Juno and the Company has set caps for milestone payment, royalty payment and reimbursement under the BCMA License Agreement (which does not affect the Company's payment obligations under the BCMA License Agreement but merely set for the purpose of complying with the Listing Rules) as follows:

Upfront payment : The Company shall provide Juno upfront payment comprising of (i) issuing 466,553 Series X Preferred Shares to Juno shortly after closing of Series A2 financing and (ii) issuing 4,665,530 (as adjusted after the Share Subdivision) Shares at nil consideration by June 11, 2022 if no product failure as defined in the BCMA License Agreement has occurred prior to April 2022, being to the third anniversary of the date of the BCMA License Agreement.

The Company has issued 466,553 Series X Preferred Shares to Juno on November 20, 2019 under (i) above and in February 2021, BMS announced that it would discontinue clinical development of orva-cel and therefore, no Shares shall longer be issued under item (ii) above. All such Series X Preferred Shares were converted into ordinary shares upon Listing.

Milestone payment : The Company shall provide Juno milestone payments in cash in an aggregate amount of up to US$35 million which are contingent on the occurrence of (i) milestone events relating to obtaining regulatory approvals for JWCAR129 and (ii) a milestone event relating to sales in the Territory relating to JWCAR129.

For the year ended December 31, 2024, no milestone payment has been made by the Company to Juno.

Royalty payment : We are required to pay Juno royalty payments in cash for JWCAR129 and any related diagnostic products based on annual net sales in the Territory, subject to certain adjustments in specified circumstances under the BCMA License Agreement.

For the year ended December 31, 2024, no royalty payment was made by the Company to Juno.

Reimbursement	:	We are required to pay to Juno in cash the sum of, among others, all milestone payments and royalties owed by Juno to third parties with respect to JWCAR129 and related diagnostic products in the Territory pursuant to in-license agreements existing at the time of such development or commercialization. For the year ended December 31, 2024, no reimbursement was made by the Company to Juno.
Caps for milestone payment, royalty payment and reimbursement *(Note 1)*	:	The annual cap set for the milestone payments to be paid to Juno pursuant to the BCMA License Agreement for the year ended December 31, 2023 was nil as no milestone payments were expected to be payable during this period of development. Taking into account that setting annual cap formula may not be meaningful for JWCAR129 which is currently under pre-clinical development, the annual cap set for the royalty payment and reimbursement to be paid to Juno pursuant to the BCMA License Agreement was nil for the year ended December 31, 2024.

(1) The caps do not affect the Company's payment obligations under the BCMA License Agreement and are merely set for the purpose of complying with the Listing Rules.

The BCMA License Agreement became effective on April 11, 2019 and will remain in effect and until the expiration of the royalty term. The royalty term applies on a product-by-product and country-by-country basis commencing upon the first commercial sale of JWCAR129 or a related diagnostic product in the Territory, with the end date varying depending on the type of royalty owed to Juno. It may also be terminated earlier by mutual agreement, by either party for the other party's uncured material breach that has frustrated the fundamental purpose of this agreement, upon our or JW Shanghai's dissolution, by either party upon the bankruptcy of the other party, by Juno if either party receives notice from the relevant regulatory authority alleging significant concerns regarding a patient safety issue that Juno reasonably believes would impact the long-term viability of JWCAR129 if attributable to the CAR construct licensed from Juno, by Juno if the additional preferred shares are not issued by the timeline set forth in the BCMA License Agreement, or by us for Juno's termination, suspension, or clinical hold of development in the United States of the licensed CAR construct related to JWCAR129 for longer than 180 days. For further details of the BCMA License Agreement, please refer to the section headed "Business — License Agreements with Juno — Rights In-licensed from Juno — BCMA License Agreement" in the Prospectus.

Reasons for and benefits of the transactions

As the Company established a stable strategic alliance with Juno, it entered into the BCMA License Agreement to develop JWCAR129 further strengthen such alliance and expand the Company's pipeline products.

The royalty and milestone payment is a revenue sharing arrangement which was determined after arm's length negotiations between us and Juno, taking into account that it is common practice to share future sales revenue and proceeds from transfer of sub-licensing rights which in turn lowers the upfront fixed payment payable by the licensee in the Chinese biopharmaceutical market, according to Frost & Sullivan.

Listing Rules Implications and Waivers from the Stock Exchange under the BCMA License Agreement

As at December 31, 2024, the Company was directly owned as to 16.90% by Juno, Juno is therefore one of the Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Juno is a connected person of our Company. Therefore, the transactions contemplated under the BCMA License Agreement with Juno constitute continuing connected transactions of the Company under the Listing Rules.

Under Rule 14A.52 of the Listing Rules, a listed issuer is required to set a contractual term not exceeding three years. It is impracticable and extremely difficult for us to set a contractual term not exceeding three years in respect of the BCMA License Agreement. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver under Rule 14A.52 of the Listing Rules from strict compliance with the contractual term requirements.

The Company has applied for a waiver from strict compliance with the requirement under Rule 14A.52 of the Listing Rules to set a term of not exceeding three years under the BCMA License Agreement for the following reasons:

(1) the business of research, development, production and commercialization of drug candidates underlying the BCMA License Agreement is the nature of the transaction that requires a longer contractual term. If the renewal of the BCMA License Agreement is subject to the requirements of independent shareholders' approval every three years, even in the absence of any material amendment, change, rescission or re-signing of these agreements, we may face the unnecessary and substantial risks of failing to renew such agreement upon expiry and losing our competitive advantages. This may even prevent us from carrying on our businesses, bringing uncertainty to our continued operation;

(2) maintaining a long-term, exclusive cooperative relationship with Juno under the BCMA License Agreement is critical to our businesses and developments. The scale of the Chinese biopharmaceutical markets in China is huge. Juno specializes in research, development, production and commercialization of CAR-T product candidates. Our continuous business relationship with Juno provides a strategic advantage for us to expand our drug portfolio covering treatment of immunological diseases to maintain our competitiveness. In addition, the exclusive term to cooperate with Juno under the BCMA License Agreement safeguard the interests of our Company and our Shareholders as a whole by providing our Company with exclusivity in the relevant areas of business. Therefore, a contractual arrangement of indefinite term is necessary and critical to the sustainability of our business and to ensure our smooth and continued operations and also stable revenue and cash flows from the future commercialization of JWCAR129 in terms of indications related to immunological diseases. Subjecting the BCMA License Agreement to independent shareholders' approval will expose our Company to the risks of such agreements not being able to be renewed upon the expiry of a fixed term. This will give rise to unnecessary and substantial uncertainty to our business and therefore will not be in the best interests of our Company and our Shareholders as a whole;

(3) setting a term of not exceeding three years under the BCMA License Agreement will unduly hinder our development and operation. We engage in the research, development, manufacturing and commercialization of CAR-T product candidates for the treatment of immunological diseases. We rely on the revenue and profits derived from the commercialization of our drug candidates in the upcoming future. A three-year term on the transaction amount under the BCMA License Agreement will place an arbitrary ceiling on our future revenue, hence effectively limiting the scale of our business to meet market demands, which will unduly hinder our development and our ability to grow and create value for all of our Shareholders;

(4) the BCMA License Agreement is of an indefinite term longer than three years as otherwise normally permitted for the continuing connected transactions under the Listing Rules. Our Directors consider that the terms of the BCMA License Agreement are consistent with normal business practices for agreement of similar nature in the biotechnology pharmaceutical industry and are in the best interest of our Group and our Shareholders as a whole, because (i) the indefinite term of the BCMA License Agreement can secure long-term license rights for us, thus avoiding unnecessary disruptions to our business and enable long-term development and continuity of our operations and (ii) as confirmed by Frost & Sullivan, it is not uncommon in the biotechnology pharmaceutical industry where similar long-term licensing arrangements are adopted;

(5) the performance of the BCMA License Agreement with Juno will comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirement under Chapter 14A of the Listing Rules; and

(6) if there is any material deviation on the arrangement under the BCMA License Agreement and the Company has more certainty on the expected milestones, the Company will re-apply for a cap in compliance with Chapter 14A of the Listing Rules.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors and the auditor of the Company have reviewed the transactions in relation to the BCMA License Agreement on an annual basis and confirmed the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively.

License and Collaboration Agreement with Juno

Principal terms

The Company entered into a license and collaboration agreement with Juno on December 19, 2022 (the "**DLL3 License and Collaboration Agreement**") pursuant to which Juno granted the Company an exclusive, sublicensable, transferable and fee-bearing license under certain patent rights and know-how covering Juno's platform technology, solely to research, develop, commercialize, and manufacture or have manufactured a specific CAR-T product specifically directed to DLL3 ("**DLL3 Product**"), or related diagnostic products, in Greater China (which for the purposes of the DLL3 License and Collaboration Agreement consists of mainland China, Hong Kong and Macau but excludes Taiwan). For further details, please refer to the announcement of the Company dated December 20, 2022.

The Company grants to Juno an exclusive right, exercisable in Juno's sole discretion, to co-commercialize the Product and related diagnostic products with the Company in Greater China (the "**Opt-In Right**"). If Juno exercises the Opt-In Right, the Company and Juno shall co-commercialise the DLL3 Product and related diagnostic products and shall share equally the profits and losses. Juno shall make a one-time payment to the Company which will not in any event exceed US$50 million in aggregate. No milestone payments or royalty payments will be due from the Company to Juno in connection with the DLL3 Product and related diagnostic products.

In consideration of the rights granted to us, if Juno does not exercise the Opt-In Right, the Company is required to make various milestone, royalty payments and reimbursement to Juno and the Company has set caps for royalty payment and reimbursement under the DLL3 License and Collaboration Agreement (which does not affect the Company's payment obligations under the DLL3 License and Collaboration Agreement but merely set for the purpose of complying with the Listing Rules) as follows:

Milestone payment : The Company shall provide Juno a milestone payment and reimbursements of milestone payments owed by Juno to third parties with respect to the development or commercialisation of the DLL3 Product in Greater China pursuant to in-license agreements existing at the time of such development or commercialisation in an aggregate amount of up to US$35 million.

For the year ended December 31, 2024, no milestone payment has been made by the Company to Juno.

Royalty payment	:	The Company is required to pay Juno tiered royalty payments on annual net sales of the DLL3 Product and reimburse to Juno all royalty payments owed by Juno to third parties with respect to the development or commercialization of the Product in Greater China pursuant to in-license agreements existing at the time of such development or commercialization. For the year ended December 31, 2024, no royalty payment and reimbursement were made by the Company to Juno.
Caps for royalty payments and reimbursements *(Note 1)*	:	The aggregate amount of royalty payments and reimbursements (being the amount payable by Juno to third parties) with respect to the development and commercialization of the DLL3 Product will not in any event exceed 16% of annual net sales of the DLL3 Product in Greater China. Moreover, the Company shall pay royalty payments and reimbursements to Juno with respect to the aggregate annual net sales of any related diagnostic products in Greater China. The aggregate amount of such royalty payments and reimbursement (being the amount payable by Juno to third parties) will not in any event exceed 11% of annual net sales of such related diagnostic products in Greater China.

(1) The caps do not affect the Company's payment obligations under the DLL3 License and Collaboration Agreement and are merely set for the purpose of complying with the Listing Rules.

The DLL3 License and Collaboration Agreement became effective on January 17, 2023 and will remain in effect and until the expiration of the royalty term, unless earlier terminated in accordance with the terms of the License and Collaboration Agreement or by mutual written agreement of the parties. The royalty term with respect of the product and/or related Juno diagnostic product will begin on the first commercial sale of the product in Greater China and end upon the later of: (a) the expiration of the last-to-expire valid claim of the patents licensed to the Company that covers the composition of matter or method of use of the product; and (b) the 10th anniversary of the date of the first commercial sale of the product in Greater China. For further details of the DLL3 License and Collaboration Agreement, please refer to the announcement of the Company dated December 20, 2022.

Reasons for and benefits of the transactions

The Company has established a close cooperative relationship with Juno, and continuation of this relationship with Juno is critical to the Company's business and development. For the Company to continue to execute on its business strategy to focus on potential opportunities in the cell therapy space that it deems to possess high growth or breakthrough technology potential, it is critical that the Company be able to leverage its CAR-T research, development, manufacturing and commercialization strengths in order to build on the foundation of this established relationship with Bristol Myers Squibb, which is one of the few pharmaceutical companies in the world with a track record of completing CAR-T commercialization, and is a much-preferred partner of the Company.

The Company has selected DLL3 as the target of its new CAR-T therapy because DLL3 is widely expressed in a variety of malignant tumors, and increased DLL3 expression is associated with later stage disease. DLL3 has been validated as a target in a type of solid tumor in several different platforms, but most have had limited results.

The Company believes that the right CAR construct and use of T cells is necessary to see durable responses. The Company has selected a DLL3 construct produced by Juno because the pre-clinical data are promising, robust and trusted, and the Company believes that the Licensed Construct is more likely to provide low toxicity and a high level of killing of targets with lower level target expression. Other pharmaceutical companies are seeking to develop treatments for the said type of solid tumor that are directed to DLL3. However, no clear front-runner has emerged to date. Accordingly, the Company believes that a CAR-T therapy directed to DLL3 for the treatment of the said type of solid tumor has significant potential.

Listing Rules Implications and Waivers from the Stock Exchange under the DLL3 License and Collaboration Agreement

As at December 31, 2024, the Company was directly owned as to 16.90% by Juno, Juno is therefore one of the Substantial Shareholders. Pursuant to Rule 14A.07(1) of the Listing Rules, Juno is a connected person of our Company. Therefore, the transactions contemplated under the DLL3 License and Collaboration Agreement with Juno constitute continuing connected transactions of the Company under the Listing Rules.

Under Rule 14A.52 of the Listing Rules, the period of an agreement for a continuing connected transaction must be fixed. However, the term of the DLL3 License and Collaboration Agreement is of an indefinite nature as it will, unless terminated in accordance with its terms, remain in effect. It is impracticable and extremely difficult for us to set a contractual term not exceeding three years in respect of the DLL3 License and Collaboration Agreement. Therefore, the Company applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver under Rule 14A.52 of the Listing Rules from strict compliance with the contractual term requirements.

The Company has also applied for a waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules to set monetary caps in relation to the (i) the royalties and profit-sharing payments to be made by the Company to Juno; and (ii) certain development costs/loss-sharing payments to be made by Juno to the Company contemplated under the DLL3 License and Collaboration Agreement for the following reasons:

(i) the revenue to be derived from the sale of the DLL3 Product depends on the actual addressable market for the DLL3 Product, which will in turn depend on various factors over which the Company has no control, including the feasibility and subsequent success of the relevant clinical trials which could be affected by the number of eligible patients and their actual health conditions, suitability and willingness to participate at the time when the relevant clinical trials are initiated, acceptance of the DLL3 Product by the medical community, patient access and biologics product pricing based on market demand; and

(ii) the DLL3 Product shall be an innovative or, based on the Company's understanding, the first CAR-T product of its type within the PRC if successfully developed. Similarly, the DLL3 License and Collaboration Agreement is currently in a pre-mature stage and the Company is not in a position to give an accurate estimate of certain financial information, including projections of sales figures, costs of clinical trials, revenue forecasts and product pipeline details. Therefore, the Company does not have sufficient or reliable information (including but not limited to historical sales figures) and market references to enable it to provide meaningful estimates of monetary caps.

The waiver is subject to the following conditions:

(1) in the event that sufficient financial and/or historical data in relation to the commercialization of the Product could be obtained by the end of an initial term ending on December 31, 2030 (the "**Initial Term**"), the Company will duly re-comply with the annual caps requirements after the Initial Term in accordance with Rule 14A.53 of the Listing Rules;

(2) if the commercialization of the Product takes place earlier than the Company's current estimation, the Company shall set monetary caps by making announcement (where appropriate) for the purpose of Rule 14A.53 of the Listing Rules after three years from the commencement of the sales of the Product and the Juno Diagnostic Products; and such transaction shall be subject to, among others, circular and independent shareholders' approval requirements if the highest applicable percentage ratio is more than 5%. In addition, the Company shall disclose in its annual report the basis for calculating the fees payable to Juno under the License and Collaboration Agreement and any changes to such basis would be subject to Independent Shareholders' approval;

(3) the Company will comply with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules if there is any material change to the terms of the License and Collaboration Agreement;

(4) the Company will designate a team to execute and ensure that the transactions in relation to the License and Collaboration Agreement are undertaken in accordance with the terms therein;

(5) the Company's chief executive officer, Dr. Li, will use his best endeavor to supervise the compliance with the terms of the License and Collaboration Agreement and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;

(6) the independent non-executive Directors and the auditors of the Company will review the transactions in relation to the License and Collaboration Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;

(7) the Company will disclose in the announcement and circular the background for entering into the License and Collaboration Agreement, the terms of the License and Collaboration Agreement, the grounds for the waiver sought and the Directors' and Independent Financial Advisors' views on the fairness and reasonableness of the transactions under the License and Collaboration Agreement;

(8) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of the announcement and circular on the above continuing connected transactions, the Company will take immediate steps to ensure compliance with such new requirements;

(9) apart from setting a term of not exceeding three years and setting fixed monetary annual cap for which waivers are sought, the Company will comply with other requirements under Chapter 14A of the Listing Rules; and

(10) the entering into the License and Collaboration Agreement with Juno, as long as Juno remains as a connected person of the Company, will comply in full with all applicable reporting, annual review, disclosure and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors and the auditor of the Company have reviewed the transactions in relation to the DLL3 License and Collaboration Agreement on an annual basis and confirmed the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively.

Contractual Arrangements

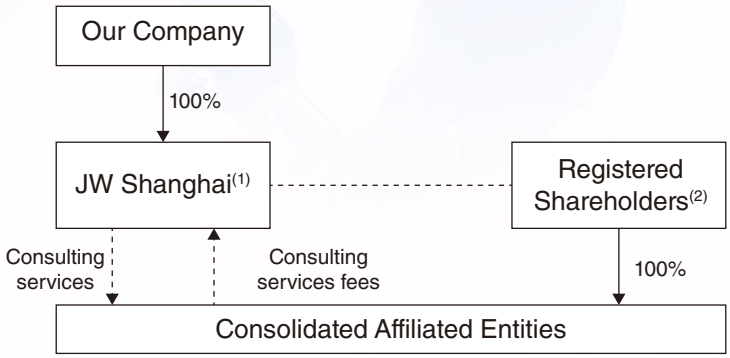
Reasons for Adopting the Contractual Arrangements

Foreign investment activities in the PRC now are mainly governed by the Industry Guidelines on Encouraged Foreign Investment (2020) (《鼓勵外商投資產業目錄(2020年版)》), the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (《外商投資准入特別管理措施(負面清單)(2021年版)》) and the Special Administrative Measures (Negative List) for foreign investment access in the pilot free trade zone (2021) (《自由貿易試驗區外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**Relevant PRC Regulations**"), promulgated jointly by the Ministry of Commerce of the PRC (中華人民共和國商務部) and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會), pursuant to which the industries listed therein are divided into three categories in terms of foreign investment, namely, "encouraged" "restricted" and "prohibited". According to the Relevant PRC Regulations, foreign investment is prohibited in the development and application of gene diagnostic and therapeutic technologies.

Our Group engages in the clinical trial of CAR-T therapies (the "**Relevant Businesses**"), which involve the development and application of gene diagnostic and therapeutic technologies, and the latter falls into the "prohibited" category of the Relevant PRC Regulations. As such, we currently do not directly or indirectly hold any equity interest in our Consolidated Affiliated Entities which are involved in the Relevant Businesses.

In order to comply with the PRC laws and regulations and maintain effective control over the Relevant Businesses, we, through our wholly-owned subsidiary, JW Shanghai, entered into the Contractual Arrangements with Shanghai Ju Ming and its relevant shareholders, pursuant to which JW Shanghai acquired effective control over the financial and operational policies of our Consolidated Affiliated Entities and has become entitled to all the economic benefits derived from their operations.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

"→ " denotes legal and beneficial ownership in the equity interest.

"– →" denotes contractual relationship through the Exclusive Business Cooperation Agreements.

"– –" denotes the control by JW Shanghai over our Consolidated Affiliated Entities through (i) powers of attorney to exercise all shareholders' rights in Shanghai Ju Ming; (ii) exclusive options to acquire all or part of the equity interest and/or assets in our Consolidated Affiliated Entities; and (iii) equity pledges over the equity interest in Shanghai Ju Ming.

(1) As of December 31, 2024, JW Shanghai was wholly-owned by JW (Hong Kong) Therapeutics Limited which was in turn wholly-owned by our Company.

(2) As of December 31, 2024, Shanghai Ju Ming was held by its Registered Shareholders, as to 50% by Ms. Yi Zhang and 50% by Dr. Su Yang, respectively.

(3) Due to the resignation and departure of Mr. Xin Fu in December 2023 and the other work commitment of Ms. Xing Gao, the shareholders of Shanghai Ju Ming changed from Mr. Xin Fu (our former chief financial officer who resigned on December 15, 2023) and Ms. Xing Gao (our non-executive Director) to Ms. Yi Zhang and Dr. Yang Su (both were our then employees). The former contractual arrangement that relate to Mr. Xin Fu and Ms. Xing Gao were terminated and a series of new contractual arrangements were entered into with Ms. Yi Zhang and Dr. Yang Su, which their terms and conditions substantially the same as those of the former contractual arrangements, save for the identity of the new shareholder of Shanghai Ju Ming.

A brief description of the specific agreements that comprise the Contractual Arrangements is set out below. For details of the specific agreements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

(1) Exclusive Business Cooperation Agreements

JW Shanghai and Shanghai Ju Ming entered into the exclusive business cooperation agreement on November 2, 2017 and the supplemental exclusive business cooperation agreements on July 29, 2020 and on September 15, 2020 (collectively, the "**Exclusive Business Cooperation Agreements**"), pursuant to which our Consolidated Affiliated Entities agreed to engage JW Shanghai as its exclusive provider of technical support, consulting services, and other related services, including but not limited to (i) software and technology licensing, (ii) technical services, (iii) network support, (iv) human resource support, (v) collection and research of technology and market information, (vi) business and management consultation, (vii) marketing and promotional services, (viii) development and testing of new products, (ix) equipment or properties leasing; and (x) other related services requested by our Consolidated Affiliated Entities from time to time to the extent permitted under PRC law.

Pursuant to the Exclusive Business Cooperation Agreements, the service fee shall be paid on annual basis or any other timing as separately agreed between JW Shanghai and our Consolidated Affiliated Entities. The annual service fees shall consist of a management fee and a fee for services provided, which shall be reasonably determined by JW Shanghai based on certain factors, including, among other things, complexity and difficulty of such services, time commitment to such services, actual service scope, the market price of the same type of services and the operation conditions of Consolidated Affiliated Entities. In addition, the service fee shall be at a reasonable level in accordance with the nature of the services and shall consist of 100% of the total consolidated profit of the Consolidated Affiliated Entities, after deduction of any accumulated deficit in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Apart from the service fee, if JW Shanghai transfers, licenses or develops technology for our Consolidated Affiliated Entities, or leases equipment or properties to our Consolidated Affiliated Entities, such fee shall be determined by JW Shanghai and our Consolidated Affiliated Entities separately. For the year ended December 31, 2023, no service fee was made by the Consolidated Affiliated Entities to JW Shanghai.

(2) Powers of Attorney

JW Shanghai and Shanghai Ju Ming entered into, with Ms. Yi Zhang and with Dr. Su yang the power of attorney respectively on March 1, 2024 (collectively, the "**Powers of Attorney**"). Pursuant to the Powers of Attorney, each of the Registered Shareholders irrevocably and exclusively grant JW Shanghai or its designee(s) (being the directors or senior management of JW Shanghai's direct or indirect offshore parent company and liquidators and other successors replacing such directors or senior management) the power to exercise all rights of the Registered Shareholders as set out in the then-valid articles of association of Shanghai Ju Ming and relevant laws and regulations, including but not limited to the rights:

(i) to convene and attend shareholders' meeting;

(ii) to exercise all the shareholders' rights and shareholders' voting rights pursuant to the relevant PRC laws and regulations and the articles of association of Shanghai Ju Ming;

(iii) to handle the sale, transfer, pledge, or disposal of all or part of the equity interest in Shanghai Ju Ming;

(iv) to execute any resolutions and minutes as a shareholder of Shanghai Ju Ming and to file any required document to relevant government authorities;

(v) on behalf of the Registered Shareholders, to nominate, elect, designate, appoint or remove the legal representative, directors, supervisors, general managers, chief executive officer and other senior management members of Shanghai Ju Ming;

(vi) to approve the amendments to the articles of association of Shanghai Ju Ming; and

(vii) to deal with any asset of Shanghai Ju Ming, including but not limited to managing its asset-related business and accessing and acquiring its revenue and assets.

(3) Exclusive Option Agreements

JW Shanghai and Shanghai Ju Ming entered into, with Ms. Yi Zhang and with Dr. Su Yang the exclusive option agreement respectively on March 1, 2024 (collectively, the "**Exclusive Option Agreements**"), pursuant to which the Registered Shareholders and Shanghai Ju Ming irrevocably and unconditionally granted JW Shanghai irrevocable and exclusive rights (the "**Exclusive Option Rights**"), provided that it is permitted under the PRC laws and regulations, to acquire the equity interest in our Consolidated Affiliated Entities from the Registered Shareholders and Shanghai Ju Ming and/or to acquire the assets of our Consolidated Affiliated Entities by JW Shanghai or its designee(s), in whole or in part at any time at the sole and absolute discretion of JW Shanghai.

The equity interest purchase price shall be equal to the amount of registered capital contributed in our Consolidated Affiliated Entities by their shareholders respectively or any other amount as separately agreed between JW Shanghai or its designee(s) and the Registered Shareholders, or the minimum price legally required under the PRC laws and regulations if such minimum price is higher than the aforementioned purchase price. The purchase price received by the Registered Shareholders shall be used to offset their respective loan due to JW Shanghai under the Loan Agreements (as defined below) (the "**Offset Debts**"). If PRC laws impose mandatory requirements on the equity interest purchase price, such that the minimum equity interest purchase price permitted under PRC laws exceeds the price already offset with the Offset Debts, the Registered Shareholders shall promptly gift all of the amount exceeding the Offset Debts they received to JW Shanghai or its designee(s) in the manner permitted under the applicable PRC laws. For further details, please see "— Loan Agreements" in this section.

The asset purchase price shall be free or at a nominal price or the minimum price legally required under the PRC laws and regulations. Upon the assets being duly transferred to JW Shanghai or its designee(s) and after deducting necessary tax expenses, JW Shanghai or its designee(s) shall pay the consideration within seven days to the designated bank accounts of our Consolidated Affiliated Entities. Our Consolidated Affiliated Entities has also undertaken that, subject to the relevant PRC laws and regulations, they will return to JW Shanghai or its designee(s) any consideration they received within seven days in the event that JW Shanghai exercises the Exclusive Option Rights to acquire the assets of our Consolidated Affiliated Entities. If such return is not permissible under the PRC laws, the returned consideration will be in escrow by our Consolidated Affiliated Entities for JW Shanghai and our Consolidated Affiliated Entities shall cooperate with JW Shanghai to sign a custody agreement or other relevant legal documents.

Pursuant to the Exclusive Option Agreements, our Consolidated Affiliated Entities and the Registered Shareholders, covenant, among other things, that:

(i) without the prior consent of JW Shanghai, they shall not supplement, change, or amend the articles of association of our Consolidated Affiliated Entities, or increase or reduce the registered capital of our Consolidated Affiliated Entities, or otherwise change the structure of the registered capital of our Consolidated Affiliated Entities;

(ii) they shall maintain the corporate existence of our Consolidated Affiliated Entities in accordance with the good financial and business standards and practices;

(iii) without the prior consent of JW Shanghai, they shall not sell, transfer, mortgage or dispose of any material assets or legal or beneficial interest in the material business or revenues of our Consolidated Affiliated Entities, or allow to place encumbrances thereon;

(iv) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not incur, inherit, guarantee or suffer any debt, unless the debts incurred in the ordinary course of business other than through loans;

(v) they shall operate our Consolidated Affiliated Entities in the ordinary course of business so as to maintain our Consolidated Affiliated Entities' asset value, and shall not take or omit to take any actions which may adversely affect the operating status and asset value of our Consolidated Affiliated Entities;

(vi) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not enter into any material contracts other than in the ordinary course of business;

(vii) without the prior consent of JW Shanghai, our Consolidated Affiliated Entities shall not provide any person with any loan or credit;

(viii) upon request of JW Shanghai, they shall provide JW Shanghai with information regarding the operations and financial condition of our Consolidated Affiliated Entities;

(ix) our Consolidated Affiliated Entities shall purchase and maintain insurance over the assets and business of our Consolidated Affiliated Entities from an insurance carrier acceptable to JW Shanghai, at an amount and type of coverage typical for companies carrying on similar businesses;

(x) without the prior written consent of JW Shanghai, our Consolidated Affiliated Entities shall not merge, consolidate with, acquire or invest in any person;

(xi) they shall immediately inform JW Shanghai if assets, business, revenue or equity interest of our Consolidated Affiliated Entities involve in any litigation, arbitration or administrative proceeding;

(xii) our Consolidated Affiliated Entities shall sign all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints, and raise necessary and appropriate defenses against all claims to maintain the ownership of their assets;

(xiii) without the prior written consent of JW Shanghai, they shall not distribute any dividend to its shareholders. However, upon request of JW Shanghai, our Consolidated Affiliated Entities shall immediately distribute all distributable profits to their shareholders;

(xiv) at the request of JW Shanghai, they shall appoint any persons designated by JW Shanghai as the director or executive director of our Consolidated Affiliated Entities;

(xv) without the prior consent of JW Shanghai, they shall not engage in any business in competition with JW Shanghai or its affiliates;

(xvi) without written consent of JW Shanghai, our Consolidated Affiliated Entities shall not be dissolved or liquidated, unless otherwise mandatorily required by the PRC laws;

(xvii) once foreign investors are permitted to invest in the principal business of our Consolidated Affiliated Entities in China, and the competent government authorities of China begin to approve such investments, upon JW Shanghai's exercise of this option, the Registered Shareholders shall immediately transfer to JW Shanghai or its designee(s) the equity interest in our Consolidated Affiliated Entities held by them; and

(xviii) they shall procure the subsidiary and any subsidiary subsequently established, acquired or actually controlled by our Consolidated Affiliated Entities to exercise rights and perform the same obligations as our Consolidated Affiliated Entities and comply with covenants made by our Consolidated Affiliated Entities in accordance with the Exclusive Option Agreements.

(4) Loan Agreements

JW Shanghai entered into, with Ms. Yi Zhang and with Dr. Su Yang the loan agreement respectively on March 1, 2024 (collectively, the "**Loan Agreements**"), pursuant to which JW Shanghai agreed to lend each Registered Shareholder RMB500,000 (the "**Loans**") for capital contribution to Shanghai Ju Ming or for the payment of the consideration of the equity interest of Shanghai Ju Ming. Such Loans will become immediately due and payable under any of the following circumstances: (i) 30 days after the Registered Shareholders receives a written notice from JW Shanghai requesting repayment of the Loan (and all interest thereon); (ii) death, lack or limitation of civil capacity of the Registered Shareholders; (iii) the Registered Shareholders cease to be a shareholder of Shanghai Ju Ming; (iv) the Registered Shareholders engage in criminal act or is involved in criminal activities; (v) once foreign investors are permitted to invest in the Relevant Businesses in China, with a controlling stake and/or in the form of wholly foreign-owned enterprises, and the competent government authorities of China begin to approve such investments; or the Registered Shareholders or Shanghai Ju Ming breach of the representations, warranties, covenants or other obligations under the Exclusive Option Agreements; and (vi) Shanghai Ju Ming failed to obtain or renew any governmental approval or license necessary for the operation of its core business.

(5) Equity Interest Pledge Agreements

JW Shanghai and Shanghai Ming Ju entered into, with Ms. Yi Zhang and with Dr. Su Yang the equity interest pledge agreement respectively on March 1, 2024 (collectively, the "**Equity Interest Pledge Agreements**"), pursuant to which each of the Registered Shareholders agreed to pledge all of their respective equity interest in Shanghai Ju Ming to JW Shanghai as a security for their and Shanghai Ju Ming's performance of the contractual obligations under the Contractual Arrangements.

Under the Equity Interest Pledge Agreements, the Registered Shareholders agree that, the rights of JW Shanghai with respect to the pledge thereunder shall not be interrupted or harmed by the Registered Shareholders or their successors, heirs or representatives, or any other persons through any legal proceedings. If Shanghai Ju Ming declares any dividend during the term of the pledge, JW Shanghai is entitled to receive all such dividends distributed on the pledged equity interest, if any. In addition, pursuant to the Equity Interest Pledge Agreements, each of the Registered Shareholders has undertaken to JW Shanghai, among other things, not to transfer the interest in their respective equity interest in Shanghai Ju Ming or allow any encumbrance to be placed thereon without the prior written consent of JW Shanghai.

(6) Spouse Undertakings

The spouses of each the Registered Shareholders have executed an undertaking (the "**Spouse Undertakings**"), to the effect that (i) he/she acknowledges and consents the execution of the Contractual Arrangements by the respective Registered Shareholder, and the performance, amendments and termination of the Contractual Arrangements do not require his/her further authorization or consents; (ii) he/she undertake not to make any assertions in connection with the equity interest of Shanghai Ju Ming held by the respective Registered Shareholder; (iii) he/she undertakes to execute all necessary documents and to take all necessary actions to ensure the proper performance of the Contractual Arrangements; and (iv) in the event that he/she obtains any interests in Shanghai Ju Ming, he/she shall be bound by the Contractual Arrangements and comply with the obligations thereunder as a shareholder of Shanghai Ju Ming, and upon JW Shanghai's request, he/she shall sign any document in the form and content substantially same as the Contractual Arrangements.

Development in the PRC Legislation on Foreign Investment

*The Foreign Investment Law (the "**FIL**")*

The FIL was adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 and came into force on January 1, 2020. The FIL replaced the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《外資企業法》), and became the legal foundation for foreign investment in the PRC. For further details, please refer to the section headed "Regulatory Overview — Laws and Regulations Relating to Foreign Investment" in the Prospectus.

The FIL stipulates the implementation of the management systems of pre-establishment national treatment and "negative list" for foreign investment. The "negative list" issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in the PRC. A foreign investor shall not invest in any field in the "negative list" which is prohibited from foreign investment. A foreign investor shall meet the investment conditions stipulated under the "negative list" for any field in the "negative list" which is restricted from foreign investment. Concerning fields not mentioned in the "negative list" management shall be conducted under the principle of consistency between domestic and foreign investment. The FIL does not contain or quote the stipulation of the "negative list".

The definition of "foreign investors" in FIL includes foreign natural persons, enterprises and other organizations.

Moreover, the FIL does not stipulate that the "foreign investment" as defined thereunder shall include contractual arrangements. Instead, it adds a catch-all provision to the definition of foreign investment so that foreign investment, by its definition, includes "investments through other means stipulated under laws or administrative regulations or by the State Council" without elaboration on "other means".

Impact of FIL on Contractual Arrangements

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of our Consolidated Affiliated Entities, through which we operate the Relevant Businesses in the PRC. The FIL stipulates four forms of foreign investment, but does not mention concept "actual control", nor does it explicitly stipulate the contractual arrangements as a form of foreign investment. Besides, it does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. Provided that no additional laws, administrative regulations, departmental rules or other regulatory documents on contractual arrangements has been issued and enacted, the coming into effect of the FIL does not, by itself, have any material adverse operational and financial impact on the legality and validity of our Contractual Arrangements.

Furthermore, the FIL stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council". Although its implementing rules do not expressly stipulate the contractual arrangements as a form of foreign investment, there are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and Regulations. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have a material adverse effect on the trading of our Shares. For further details, please refer to the section headed "Risk Factors — Risks Relating to Contractual Arrangements" in the Prospectus.

*The Notice on Conducting Pilot Work for Further Opening Up in the Medical Field (the "**Notice**") and its impact on Contractual Arrangements*

The Notice was jointly issued by the Ministry of Commerce, the National Health Commission and the National Medical Products Administration on September 7, 2024, which states that, among others, foreign-invested enterprises are allowed to engage in the development and application of human stem cells and gene diagnosis and treatment technologies, for the purpose of product registration, marketing and manufacturing, in free trade pilot zones in Beijing, Shanghai, Guangdong and Hainan with effect from the date of issuance of the Notice.

The Notice effectively permits a foreign-invested enterprise such as the Company to engage in the Relevant Businesses only in free trade pilot zones in Beijing, Shanghai, Guangdong and Hainan (the "**Permitted Regions**"). Accordingly, foreign-invested enterprises are still prohibited from engaging in the Relevant Businesses outside the Permitted Regions, as the Relevant Businesses still fall within the scope of the "prohibited" category under the "negative list" abovementioned.

As of the date of this report, the Company engages in the Relevant Businesses through Shanghai Ju Ming in a number of provinces and cities, including without limitation, Beijing, Tianjin, Zhejiang, Guangdong, Jiangsu, Shanghai, Henan, Shanxi and Hubei, which encompasses both Permitted Regions and non-Permitted Regions. If the Company were to unwind and terminate the Contractual Arrangements as of the date of this report, the Company would be engaging in the Relevant Businesses beyond the Permitted Regions and hence would likely be in breach of the "negative list" and other applicable PRC laws and regulation. In light of the above, based on the PRC's legal advisors' recommendation, the Company would not adjust or unwind the Contractual Arrangements for the time being to ensure the Relevant Businesses can be carried out by the Company in a compliant manner.

If the operation of our Relevant Businesses is not on the "negative list" and we can legally operate such businesses under PRC laws, JW Shanghai will exercise the option under the Exclusive Option Agreement to acquire the equity interest of our Consolidated Affiliated Entities and unwind the contractual arrangements subject to re-approval by the relevant authorities.

Sustainability of our Relevant Businesses

If any ancillary regulations or implementation rules of the FIL and the negative list subsequently issued mandates further actions for us to retain the Contractual Arrangements, we will take all reasonable measures and actions to comply with the FIL or such ancillary regulations or implementation rules then in force and to minimize the adverse effect of such laws on our Company. However, there is no assurance that we can fully comply with such law. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us which may have material adverse effect on the trading of our Shares. If, after the Global Offering, we fail to comply with the new foreign investment law as finally promulgated, we may be required to dispose of our Relevant Businesses operated through our Consolidated Affiliated Entity under the Contractual Arrangements or make necessary corporate structure adjustments so as to comply with the new foreign investment law as finally promulgated.

In the worst case scenario, if any new foreign investment law subsequently promulgated is refined or deviates from the FIL, resulting in the Contractual Arrangements becoming invalid and illegal, we may not be able to operate the Relevant Businesses through the Contractual Arrangements and may lose our rights to receive the economic benefits of the Consolidated Affiliated Entities and the financial results of the Consolidated Affiliated Entities may no longer be consolidated into our Group's financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If our Group does not receive any compensation, an investment loss would be recognized as a result of such derecognition.

Nevertheless, considering that a number of existing entities are operating under contractual arrangements and some of which have obtained listing status abroad, our Directors are of the view that it is unlikely, if any ancillary regulations or implementation rules of the FIL is promulgated, that the relevant authorities will take retrospective effect to require the relevant enterprises to remove the contractual arrangements. However, there is no guarantee that the PRC government will not take a relatively cautious attitude towards the supervision of foreign investments and the enactment of laws and regulations impacting them and make decisions according to different situations in practice.

Our Company will, after the Global Offering, timely announce (i) any updates or material changes to any ancillary regulations or implementation rules of the FIL that will materially and adversely affect us as and when they occur and (ii) in the event that any ancillary regulations or implementation rules of the FIL or any new foreign investment law has been promulgated, a clear description and analysis of law, specific measures adopted by our Company to comply with the law (supported by advice from PRC legal advisor), as well as its material impact on our business operation and financial position.

Risks relating to the Contractual Arrangements

- If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences and the relinquishment of our interests in the Consolidated Affiliated Entities.

- There is substantial uncertainty with respect to the interpretation and implementation of the newly enacted Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance, and business operations.

- The Contractual Arrangements may not be as effective in providing operational control as direct ownership, and the Registered Shareholders and the Consolidated Affiliated Entities may fail to perform their obligations under the Contractual Arrangements.

- The Company may lose the ability to use the permits, licenses, and intellectual properties held by the Consolidated Affiliated Entities that are important to the operation of our business if the Consolidated Affiliated Entities declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

- The Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our consolidated net income and the value of the Shares.

- The Registered Shareholders of Shanghai Ju Ming may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

- Certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

- If the Company exercise the option to acquire equity ownership of Shanghai Ju Ming, the ownership transfer may subject us to certain limitations and substantial costs.

For details, please refer to the section headed "Rick Factors — Risks Relating to Contractual Arrangements" in the Prospectus.

Compliance with the Contractual Arrangements

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) as part of the internal control measures, major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(ii) our Board, particularly our independent non-executive Directors, will review the overall performance of and compliance with the Contractual Arrangements at least once a year, and the confirmation from our independent non-executive Directors will be disclosed in our annual report;

(iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;

(iv) our Company and our Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our status of compliance with the FIL, and (b) the latest regulatory development in relation with the FIL;

(v) our Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements, review the legal compliance of JW Shanghai and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements;

(vi) our Company will comply with the conditions to be prescribed by the Stock Exchange under the waiver given; and

(vii) our Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Businesses to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Businesses to be conducted and operated by owned subsidiaries of our Company without such arrangements in place.

Listing Rules Implications and Waivers from the Hong Kong Stock Exchange relating to the Contractual Arrangements

Ms. Xing Gao is one of our non-executive Directors. Pursuant to Rule 14A.07(1) of the Listing Rules, Ms. Xing Gao is a connected person of our Company. During the Reporting Period, Shanghai Ju Ming was held by Ms. Xing Gao as to 50%. Pursuant to Rule 14A.07(4) of the Listing Rules, Shanghai Ju Ming is an associate of our Director and therefore a connected person of our Company. Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules.

In respect of the Contractual Arrangements, the Stock Exchange has granted a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange subject however to the following conditions:

(a) There shall be no change without independent non-executive Directors' approval;

(b) There shall be no change without independent Shareholders' approval;

(c) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived from the Consolidated Affiliated Entities;

(d) The Contractual Arrangements may be renewed and/or reproduced (i) upon expiry of the existing arrangements or (ii) in relation to any existing, newly established or acquired wholly foreign-owned enterprise or operating company (including a branch company) engaging in the same business as that of the Group, without obtaining approval of the Shareholders, on substantially the same terms and conditions as the Contractual Arrangements; and

(e) The Group shall disclose details relating to the Contractual Arrangements on an ongoing basis.

For details, please refer to the section headed "Connected Transactions — 8. Contractual Arrangements — Waiver relating to Contractual Arrangements" in the Prospectus.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors, upon review of the overall performance of and compliance with the Contractual Arrangements, confirmed that:

(a) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(b) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, which is confirmed by the auditor of the Company; and

(c) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entity during the Reporting Period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Company and the Shareholders as a whole.

Further, the Consolidated Affiliated Entities undertakes that, for so long as the Shares are listed on the Hong Kong Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our auditor with full access to its relevant records for the purpose of procedures to be carried out by our auditor on the connected transactions.

Save as disclosed above, there is no change in the Contractual Arrangements for the period from the Listing Date to December 31, 2024.

Save as disclosed above, the related party transactions as disclosed in note 35 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, and except the continuing connected transactions that were granted full exemptions on the requirements under Chapter 14A of the Listing Rules by the Stock Exchange, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

DONATIONS

During the Reporting Period, the Group made no charitable and other donations.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2024, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office; be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

AUDIT COMMITTEE

The Audit Committee of the Company had, together with the management and external auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 96 to 116 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as of the latest practicable date prior to the issue of this annual report.

AUDITOR

Deloitte Touche Tohmatsu ("**Deloitte**") was appointed as the Auditor on October 31, 2024 for the year ended December 31, 2024. The accompanying financial statements prepared in accordance with IFRSs have been audited by Deloitte.

Deloitte shall retire at the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Deloitte as Auditor will be proposed at the AGM.

On behalf of the Board
Min Liu
Chairman

Shanghai, PRC, March 27, 2025

Corporate Governance Report

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance throughout the year ended December 31, 2024.

Except as expressly described below, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code during the year ended December 31, 2024.

Separation of the Roles of the Chairman of the Board and Chief Executive Officer

Pursuant to code provision C.2.1 in Part 2 of the CG Code, the roles of the Chairman and CEO should be separate and should not be performed by the same individual. Following the appointment of Mr. Liu as the CEO and an executive Director, Dr. Li had remained as the interim Chairman to provide support to his successor and facilitate a smooth transition following his resignation as CEO and Dr. Li remains as a non-executive Director. Upon the aforesaid changes taking effect from July 31, 2024, the roles of Chairman and CEO had been separately performed by Dr. Li and Mr. Liu, respectively. It follows that the Company had been in full compliance with code provision C.2.1 in Part 2 of the CG Code with effect from July 31, 2024 to March 13, 2025, on which Mr. Liu was appointed the Chairman following the stepping down of Dr. Li from his role as the Chairman. Upon Mr. Liu's appointment as the Chairman, Mr. Liu assumes the dual roles of the Chairman and the CEO. Notwithstanding what is provided under the code provision C.2.1 in Part 2 of the CG Code, the Board has confidence in vesting the roles of both the Chairman and the CEO in Mr. Liu and believes that this will ensure the Group has consistent leadership and could make and implement the business strategies of the Group more effectively. Therefore, the Board considers that the deviation from the code provision C.2.1 in Part 2 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which currently comprised of an executive Director, four non-executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its Shareholders. The Board will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As of the date of this annual report, the Board comprises 1 executive Director, 4 non-executive Directors and 3 independent non-executive Directors as follows:

Executive Director

Mr. Min Liu *(Chief Executive Officer and Chairman) (appointed as Chief Executive Officer and as executive Director on July 31, 2024, appointed as Chairman on March 13, 2025)*

Non-executive Directors

Dr. Yiping James Li *(resigned as Chief Executive Officer and redesignated from executive Director on July 31, 2024, stepped down as Chairman on March 13, 2025)*
Ms. Xing Gao
Dr. Sungwon Song
Dr. Cheng Liu

Independent Non-executive Directors

Mr. Kin Cheong Kelvin Ho
Dr. Debra Yu
Mr. Peng Kuan Chan *(appointed on August 28, 2024)*
Mr. Yiu Leung Andy Cheung *(resigned on August 28, 2024)*
Dr. Krishnan Viswanadhan *(resigned on July 31, 2024)*
Dr. Ann Li Lee *(resigned on July 31, 2024)*

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive.

As each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent parties.

During the Reporting Period, Mr. Min Liu and Mr. Peng Kuan Chan, who were appointed as executive Director and independent non-executive Director, respectively, had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on July 15, 2024 and August 23, 2024, respectively, and they have confirmed that they understood their obligations as a Director.

Board Diversity Policy

We recognize and embrace the benefits of having a diverse Board to capture different talents so as to further bolster our Board's performance. This would also enable us in achieving a sustainable and balanced development in the long run. Our Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve and maintain its diversity. The Board Diversity Policy provides that the selection of Board candidates should be based on a range of diversity considerations, including but not limited to professional experience, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, biotechnology, clinical research, life science, finance, investment, and accounting. They obtained degrees in various areas including microbiology, chemistry, pharmacy, biochemical engineering, chemical engineering, business administration, economics, mathematics, accounting and business law. Our board diversity policy is well implemented as evidenced by the fact that there are two female and six male Directors ranging from 40 years old to 61 years old with experience from different industries and sectors.

We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into account our Board Diversity Policy and other factors, including but not limited to, his/her integration into our management mindset and business model and any specific requirements from time to time.

The Nomination Committee is responsible for ensuring the diversity of the Board members. The Nomination Committee reviews the Board Diversity Policy and its implementation on an annual basis to ensure its implementation and monitor its continued effectiveness.

During the Reporting Period, the Board, through the Nomination Committee, has reviewed the implementation and effectiveness of the Board Diversity Policy and confirm that the Board has an appropriate mix of skills and experience to deliver the Company's strategy.

The Board is comprised of eight Directors, including six male Directors and two female Directors. The Board is of the view that the existing gender diversity in respect of the Board is sufficient. The Company will use its best endeavours to ensure the principle of board and gender diversity is integrated into the recruitment processes of suitable candidates for the Board and of the Company's employees to ensure there shall be a pipeline of potential successors to the Board and to its workforce while maintaining the existing board and gender diversity.

Accordingly, the Company considers that gender diversity is also achieved in its workforce (including senior management) generally. As at December 31, 2024, we had a total of 281 employees, of which 115 were male and 166 were female. The gender ratio in our workforce (including senior management) was approximately 41% males to 59% females.

Mechanisms to Ensure Independent Views and Input

In order to ensure that independent views and input of the Independent non-Executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the Independent non-Executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive Directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the exercise of their independent judgement; and
- the Chairman meets with the Independent non-executive Directors regularly without the presence of the Executive Directors.

All Directors are entitled to seek advice the independent professional advisors at the Company's expenses.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of such mechanisms and considered they are effective and adequate.

Anti-Corruption

The Company has adopted an anti-corruption policy to promote an ethical culture with the Company, to minimize the Group's operation risks and to protect the Company and its shareholders' interests as a whole. Such policy encourages all employees (including senior management) to report any suspicious fraudulent activities or misconducts through relevant procedures in accordance with the policy. Identities and information reported will be kept strictly confidential and whistle-blowers will be protected from potential retaliation, unfair termination or victimization. During the Reporting Period, the Company has provided anti-corruption training to all employees.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

According to the information provided by the Directors, a summary of training received by the Directors throughout the year ended December 31, 2024 is as follows:

Name of Directors	Nature of Continuous Professional Development Programs
Executive Director	
Mr. Min Liu *(Chief Executive Officer and Chairman) (appointed as Chief Executive Officer and as executive Director on July 31, 2024, appointed as Chairman on March 13, 2025)*	A&B
Non-executive Directors	
Dr. Yiping James Li *(resigned as Chief Executive Officer and redesignated from executive Director on July 31, 2024, stepped down as Chairman on March 13, 2025)*	A&B
Ms. Xing Gao	A&B
Dr. Sungwon Song	A&B
Dr. Cheng Liu	A&B
Independent Non-executive Directors	
Mr. Kin Cheong Kelvin Ho	A&B
Dr. Debra Yu	A&B
Mr. Peng Kuan Chan *(appointed on August 28, 2024)*	A&B
Mr. Yiu Leung Andy Cheung *(resigned on August 28, 2024)*	A&B
Dr. Krishnan Viswanadhan *(resigned on July 31, 2024)*	A&B
Dr. Ann Li Lee *(resigned on July 31, 2024)*	A&B

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, conference and/or workshops

B: Reading materials relevant to corporate governance, director's duties and responsibilities, Listing Rules and other relevant ordinances

Appointment and Re-election of Directors

Details relating to the service contracts of Directors are set out in the section headed "Directors' Service Contracts and Letters of Appointment" in the Report of Directors of this annual report.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, six Board meetings and one general meetings were held and the attendance of each Director at these meetings is set out in the table below:

Directors	Attended/ Eligible to attend the Board meeting(s)	Attended/ Eligible to attend the general meeting(s)
Executive Director		
Mr. Min Liu *(Chief Executive Officer and Chairman) (appointed as Chief Executive Officer and as executive Director on July 31, 2024, appointed as Chairman on March 13, 2025)*	3/3	N/A
Non-executive Directors		
Dr. Yiping James Li *(resigned as Chief Executive Officer and redesignated from executive Director on July 31, 2024, stepped down as Chairman on March 13, 2025)*	6/6	1/1
Ms. Xing Gao	6/6	0/1
Dr. Sungwon Song	5/6	0/1
Dr. Cheng Liu	6/6	0/1
Independent Non-executive Directors		
Mr. Kin Cheong Kelvin Ho	5/6	1/1
Dr. Debra Yu	5/6	1/1
Mr. Peng Kuan Chan *(appointed on August 28, 2024)*	2/2	N/A
Mr. Yiu Leung Andy Cheung *(resigned on August 28, 2024)*	4/4	1/1
Dr. Krishnan Viswanadhan *(resigned on July 31, 2024)*	3/3	1/1
Dr. Ann Li Lee *(resigned on July 31, 2024)*	3/3	1/1

Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding securities transactions, namely the Code for Securities Transactions by Directors (the "**Securities Transactions Code**"), which applies to all Directors on terms no less than the required standard indicated by the Model Code.

Specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Securities Transactions Code during the year ended December 31, 2024.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are subject to the Model Code. No incident of non-compliance of the Model Code was noted by the Company as at the date of this report.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors which includes but not limited to the following:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

Audit Committee

Audit Committee consists of three members, namely, Mr. Kin Cheong Kelvin Ho, Ms. Xing Gao and Mr. Peng Kuan Chan. It was chaired by independent non-executive Director, Mr. Yiu Leung Andy Cheung from January 1, 2024 to August 28, 2024. Due to Mr. Cheung's departure, with effect from August 28, 2024, it is currently chaired by Mr. Kin Cheong Kelvin Ho (who has been redesignated as chairman of the Audit Committee on August 28, 2024).

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

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

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

3. reviewing the financial statements, reports and accounts and consider any significant or unusual items raised by the Company's qualified accountant, compliance officer or auditor before submission of the Board;

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

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

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

7. considering any other topics, as defined by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2024, four meetings of the Audit Committee were held to discuss and consider the following matters:

- reviewed annual results of the Company and its subsidiaries for the year ended December 31, 2023 as well as the audit report prepared by the auditor relating to accounting issues and major findings in course of audit;

- reviewed the 2023 internal control and risk management report, and discussed the risk management and internal control system with the Senior Management;
- reviewed the representation letters for 2024 consolidated financial statement and connected party transactions;
- reviewed interim results of the Company and its subsidiaries for the year ended December 31, 2024;
- reviewed the connected transactions, including continuing connected party transactions;
- ensured the internal audit function is adequately resourced, periodically conducted meetings to review and monitor the effectiveness of internal audit function;
- reviewed the financial reporting system, compliance procedures, risk management and internal control systems (including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function) and the re-appointment of the Auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the auditor;
- reviewed the Company's audit plans in 2024 prepared by the internal audit and external auditor of the Company; and
- conducted separate discussion with external auditor.

Attendance of each Audit Committee member is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Kin Cheong Kelvin Ho *(Chairman)* *(redesignated as chairman on August 28, 2024)*	4/4
Ms. Xing Gao	4/4
Mr. Peng Kuan Chan *(appointed as member on August 28, 2024)*	2/2
Mr. Yiu Leung Andy Cheung *(resigned as chairman on August 28, 2024)*	2/2

Nomination Committee

The Nomination Committee consists of three members, namely, Mr. Kin Cheong Kelvin Ho, Mr. Min Liu and Dr. Debra Yu.

It was chaired by Dr. Yiping James Li from January 1, 2024 to July 31, 2024. Following Dr. Yiping James Li's resignation as CEO and redesignation as non-executive Director on July 31, 2024, Mr. Kin Cheong Kelvin Ho was appointed as chairman on the same date. Mr. Min Liu was appointed as a member on July 31, 2024. Dr. Krishnan Viswanadhan and Mr. Yiu Leung Andy Cheung ceased to be members following their resignations on July 31, 2024 and August 28, 2024, respectively.

The principal duties of the Nomination Committee include the following:

1. reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. making recommendations to the board on the appointment or re-appointment of directors and succession planning for directors in particular the chairperson and the chief executive;

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

4. assessing the independence of independent non-executive Directors.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

Director Nomination Policy

The Board has adopted a nomination policy which sets out the selection criteria and process in relation to the selection, appointment and re-appointment of the Directors and aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the Company's business.

The nomination policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- reputation for integrity;
- skills, qualification and experiences;
- commitment in respect of available time and relevant interest;
- independence of proposed independent non-executive Directors; and
- diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service.

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

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2024, three meetings of the Nomination Committee was held to discuss and consider the following matters:

- reviewed the structure, size, and composition of the Board;
- confirmed the independence of the independent non-executive Directors;
- considered the qualifications of the retiring Directors standing for election at the annual general meeting;
- considered and made recommendation to the Board in respect of the appointment of new executive Director and independent non-executive Director; and
- reviewed the resignation of the independent non-executive Directors and proposed new composition of the Board committees.

Attendance of each Nomination Committee member is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Kin Cheong Kelvin Ho *(Chairman)* *(appointed as chairman on July 31, 2024)*	1/1
Mr. Min Liu *(appointed as member on July 31, 2024)*	1/3
Dr. Debra Yu	3/3
Dr. Yiping James Li *(ceased to be chairman on July 31, 2024)*	2/3
Dr. Krishnan Viswanadhan *(ceased to be a member on July 31, 2024)*	2/3
Mr. Yiu Leung Andy Cheung *(ceased to be a member on July 31, 2024 and resigned on August 28, 2024)*	2/3

Remuneration Committee

The Remuneration Committee consists of three members, namely Dr. Debra Yu, Dr. Sungwon Song and Mr. Peng Kuan Chan.

Following the resignation of Dr. Ann Li Lee as independent non-executive Director and chairman of the Remuneration Committee on July 31, 2024, Dr. Debra Yu was redesignated as chairman. Mr. Kin Cheong Kelvin Ho ceased to be a member with effect from July 31, 2024. Following the resignation of Mr. Yiu Leung Andy Cheung as independent non-executive Director on August 28, 2024, Mr. Peng Kuan Chan has been appointed as a member with effect from the same date.

The principal duties of the Remuneration Committee include the following:

1. making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, and proper human resources review process is in place to ensure that no Director, senior management or any of his associate is involved in deciding his own remuneration;

2. reviewing and approving Director and senior management's remuneration proposals with reference to the Board's goals and objectives;

3. considering salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;

4. determining with delegated responsibility and making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management;

5. reviewing and approving the compensation payable to executive Directors and senior management for any loss or termination of office or appointment in order to ensure that such compensation is consistent with the contractual terms and is otherwise fair and not excessive;

6. reviewing and approving compensation arrangements relating to dismissal or removal of executive Directors and senior management for misconduct in order to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate; and

7. reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2024, eleven meetings of the Remuneration Committee were held to discuss and consider the following matters:

- reviewed and made recommendation to the Board on the remuneration policy;
- reviewed and made recommendation to employees merit increase and bonus budget;
- reviewed and made recommendation to the Board on the remuneration packages of the Directors and senior management;
- reviewed and made recommendation to the Board on the remuneration of the new Directors; and
- reviewed and made recommendation to the Board on the share incentivization schemes and arranged regular signing on the grant documents.

Attendance of each Remuneration Committee member is set out in the table below:

Directors	Attended/ Eligible to attend
Dr. Debra Yu *(Chairperson)* *(redesignated as chairman on July 31, 2024)*	10/10
Dr. Sungwon Song	10/10
Mr. Peng Kuan Chan *(appointed as member on August 28, 2024)*	2/2
Mr. Kin Cheong Kelvin Ho *(ceased to be a member on July 31, 2024)*	7/7
Mr. Yiu Leung Andy Cheung *(appointed as a member on July 31, 2024 and resigned on August 28, 2024)*	1/1
Dr. Ann Li Lee *(resigned as chairman on July 31, 2024)*	7/7

Emolument Policy

The Company has established the Remuneration Committee to review the Company's policy and structure for the remuneration of all Directors and senior management and formulate remuneration policy. The remuneration of the Directors and senior management are determined based on their individual performance, responsibilities, qualification, position and seniority. The remuneration of all Directors and senior management is recommended by the Remuneration Committee.

Remuneration of Directors and Senior Management

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

The emoluments of the five highest paid individuals fell within the following bands:

	Year ended December 31,	
Emolument bands (in HKD)	**2024 no. of individuals**	2023 no. of individuals
HKD3,000,001 to HKD3,500,000	**3**	—
HKD3,500,001 to HKD4,000,000	**1**	—
HKD4,000,001 to HKD4,500,000	**—**	1
HKD4,500,001 to HKD5,000,000	**—**	3
HKD22,500,001 to HKD23,000,000	**1**	1
	5	5

Details of the remuneration payable to the Directors and the five highest paid individuals for the year ended December 31, 2024 are set out in note 11 to the consolidated financial statements.

BUSINESS DEVELOPMENT AND STRATEGY COMMITTEE

The Business Development and Strategy Committee consists of three members, namely, Dr. Debra Yu, Mr. Min Liu and Ms. Xing Gao.

It was co-chaired by independent non-executive Directors, Dr. Debra Yu and Dr. Krishnan Viswanadhan, from January 1, 2024 to July 31, 2024. Following Dr. Krishnan Viswanadhan's resignation as independent non-executive Director on July 31, 2024, Dr. Debra Yu has been redesignated as chairman with effect from July 31, 2024. Dr. Yiping James Li ceased to be a member, and Mr. Min Liu has been appointed as a member, of the Business Development and Strategy Committee following Dr. Yiping James Li's resignation and Mr. Min Liu's appointment, respectively, on July 31, 2024. Ms. Xing Gao has been appointed as a member of the committee on July 31, 2024. The purposes and the principle duties of the Business Development and Strategy Committee, among others, include reviewing and making recommendations on the business and corporate development strategies of the Company to the Board.

For the year ended December 31, 2024, three meetings of the Business Development and Strategy Committee were held to discuss the following matters: assessing business opportunities presented by the Company, discussing and making recommendations on near term and long term corporates strategies, as well as business requests from the Board.

Attendance of each Business Development and Strategy Committee member is set out in the table below:

Directors	Attended/ Eligible to attend
Dr. Debra Yu *(Chairperson)* *(redesignated as chairman on July 31, 2024)*	3/3
Mr. Min Liu *(appointed as member on July 31, 2024)*	3/3
Ms. Xing Gao *(appointed as member on July 31, 2024)*	3/3
Dr. Yiping James Li *(ceased to be member on July 31, 2024)*	N/A
Dr. Krishnan Viswanadhan *(ceased to be co-chair and resigned on July 31, 2024)*	N/A

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 117 to 121 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to ensure the management has established an adequate internal control system to safeguard shareholder investments and Company assets and undertake to review the effectiveness of such system on an annual basis. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or loss.

The management had conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended December 31, 2024 and considered them effective and adequate.

Risk Management

We have adopted a series of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. Risks identified by the management were analyzed on the basis of likelihood and impact, and properly followed up, mitigated and rectified by the Group and reported to the Directors. Our Audit Committee, and ultimately the Directors supervise the implementation of the Company's risk management policies. The Directors and the senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control. The following key principles outline our approach of risk management:

- Our Audit Committee will oversee and manage the overall risks associated with our business operation, including (i) reviewing and approving our risk management policies to ensure that it is consistent with our corporate objectives; (ii) reviewing and approving annual corporate risk assessment result; (iii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iv) reviewing our corporate risk in light of our corporate risk tolerance; and (v) monitoring and ensuring the appropriate application of our risk management framework across the Group.

- Our chief finance officer is responsible for (i) formulating and updating our risk management policy and targets; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across our Group; and (viii) reporting to our Audit Committee on our material risks.

- The Company has established the corporate risk management committee chaired by our CEO and composed of critical department heads as the primary corporate governance structure. There are regular meetings held by risk management committee to review and discuss the corporate annual risk assessment, supervise the mitigation to the risks associated with our business, and review the ESG related work, to ultimately ensure to achieve the company objectives.

- The Internal Audit department of the Group will assist the Board and the Audit Committee to discharge their duties in reviewing the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit function will monitor the corporate risk management committee execution, independently examine key risks in relation to those material controls, and conduct supervision on the Company's daily operations, to reasonably ensure the Company's business operations continue to meet the Company's system requirements and the external regulatory requirements.

- The relevant departments in our Company, including but not limited to the finance department, the legal & compliance department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to standardize risk management across our Group and set a common level of transparency and risk management performance, the relevant departments (i) gathered information about the risks relating to their operation or function; (ii) conducted risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their business objectives; (iii) continuously monitored the key risks relating to their operation or function; (iv) implement appropriate risk responses where necessary: and (v) develop and maintain appropriate mechanism to facilitate the application of our risk management framework.

Internal Control

Our Board of Directors is responsible for establishing and ensuring effective internal controls to safeguard our Shareholder's investments at all times. Our Audit Committee and Internal Audit assist the Board and the management in overseeing the design, implementation and monitoring of the internal control systems.

During the Reporting Period, we regularly reviewed and enhanced our internal control system designed to manage the risks and uncertainties that may cause the Group's financial conditions or business performance to be materially different from the expected results.

Below is a summary of the internal control policies, measures and procedures we have implemented:

- We adopted various measures and procedures regarding each aspect of our business operation, such as company code of conduct, anti-corruption and whistleblowing, policies of protection of intellectual property, environmental protection, legal and compliance, pharmacovigilance, product quality and safety, and occupational health and safety, etc. We provided periodic training on these measures and procedures to our employees as part of our employee training program. We also constantly monitor the implementation of those measures and procedures during each stage of the business development process.

- Our Directors (who are responsible for monitoring the corporate governance of our Group), with help from our legal advisors, conducted periodically review on our compliance status with all relevant laws and regulations.

- Our Audit Committee assists the Board to monitor the effectiveness of the risk management and internal control systems, regularly review the results and effectiveness of the Company's internal audit team, and provide recommendation regarding the risk management and internal control system. Our Audit Committee also (i) makes recommendations to our Directors on the appointment and removal of external auditors; (ii) reviews the financial information and renders advice in respect of financial reporting as well as oversee internal control procedures of our Group; and (iii) maintains regular dialogue with the Company's external auditors and internal audit.

- Our Internal Audit function independently conducts audit programs per the annual risk assessment result endorsed by the management and Audit Committee, perform annual risk assessment and accordingly monitors the remediation status and reports the result to the management and our Audit Committee.

- To ensure compliance to applicable laws and regulations, we have engaged a law firm, Fangda Partners to advise us on and keep us abreast of Hong Kong laws and regulations. We continuously arrange various trainings sessions provided by external legal advisors from time to time when necessary, and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the latest Hong Kong laws and regulations.

- We maintain strict anti-fraud, anti-corruption and medical compliance policies on personnel conducts business activities and external communications. We also provided periodic trainings to our commercial team to ensure them to comply with applicable promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

- We have put in place an internal policy for the handling and disclosure of inside information in compliance with the SFO. The internal policy sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and provides the Directors, senior management and relevant employees a general guide in monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

- We have developed standard operating procedures governing our activities including an integrated procurement-to-payment process, standardized financial reporting and accounting manual, expense accrual methodology, overall budgeting and tracking mechanism.

- Our Directors believe that compliance creates value for our stakeholders and dedicate to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behavior across the organization, we regularly conduct internal compliance checks and inspections, adopt strict accountability internally and deliver ongoing compliance training.

The Audit Committee, on behalf of the Board, continuously reviews the risk management and internal control systems. The review process comprises, among other things, at least on an annual basis meetings with management of business groups, internal audit team, legal personnel and the external auditors, reviewing the relevant work reports and information of key performance indicators, and discussing the major risks with the senior management of the Company.

During the Reporting Period, among other things, the Board and the Audit Committee have reviewed the Group's financial operation and compliance controls, the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit, financial reporting functions as well as those relating to the Company's ESG performance and reporting. The corporate risk management committee would review the reporting of the internal audit function from time to time. The Audit Committee has reviewed the Company's internal audit function and the internal control systems for the year ended December 31, 2024. A confirmation regarding the effectiveness of these systems has been provided to the Board for the year ended December 31, 2024.

In addition, the Board believes that the Company's accounting and financial reporting functions have been performed by staff of the appropriate qualifications and experience and that such staff receives appropriate and sufficient training and development. There were no material internal control defects or significant areas of concerns identified during the Reporting Period. The Board is of the opinion that the Group's risk management, internal control systems and processes for financial reporting and Listing Rules compliance were effective and adequate during the Reporting Period.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the auditor to the Group during the year ended December 31, 2024 was approximately as follows:

Type of Services	Amount *(RMB'000)*
Audit services	2,625
Non-audit services related to interim financial review and tax	900
Total	3,525

COMPANY SECRETARY

The company secretary of the Company is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engages Ms. Ng Ka Man (吳嘉雯) ("**Ms. Ng**"), a senior manager of the Listing Services Department of TMF Hong Kong Limited (a company secretarial service provider), as the company secretary. For the year ended December 31, 2024, Mr. Shen Shuo, (senior director, legal and compliance), acted as the primary contact person at the Company whom Ms. Ng contacted.

For the year ended December 31, 2024, Ms. Ng has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The Auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.jwtherapeutics.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of the shareholders' communication policy. The Company is of the view that the shareholders' communication policy of the Company has facilitated sufficient shareholders' communication and considered the policy is effective and adequate.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

General meetings shall be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Shareholders may put forward proposals at general meetings by sending written notice of their proposals to the headquarters of Company at 5F, Building B, No. 699 Zhong Ke Road, Pudong New District, Shanghai, PRC, or by email to IR_JW@jwtherapeutics.com.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at 5F, Building B, No. 699 Zhong Ke Road, Pudong New District, Shanghai, PRC (email address: IR_JW@jwtherapeutics.com).

DIVIDEND POLICY

With respect to dividend policy, the Group currently intends to retain all available funds and earnings, if any, to fund the development of its business and it does not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be made at the discretion of the Directors and may be based on a number of factors, including the Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Directors may deem relevant.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the ninth amended and restated memorandum and articles of association adopted on June 18, 2024, which has been effective on the same date. It has been amended to bring the existing Articles of Association in line with the amendments made to the Listing Rules which expanded the paperless listing regime and became effective on December 31, 2023. During the Reporting Period, the said amended and restated memorandum and articles of association did not have any change.

To the Shareholders of JW (Cayman) Therapeutics Co. Ltd
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of JW (Cayman) Therapeutics Co. Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 122 to 193, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of licenses not ready for use	
Refer to note 17 to the consolidated financial statements. The Group recorded licenses not ready for use in carrying amount of approximately RMB458,855,000, which represent 27% of the Group's total assets as of 31 December 2024. Licenses not ready for use are subject to impairment assessment annually, or when there are indicators that these intangible assets might be impaired. We focused on auditing the impairment assessment of licenses not ready for use because of the involvement of significant management's judgments and assumptions, which are subject to high degree of estimation uncertainty and level of subjectivity. Impairment assessment of licenses not ready for use are tested on the cash generating unit ("CGU") level which is determined at the product level, include each license not ready for use and other assets attributable to the CGU. Management has determined the recoverable amounts of licenses not ready for use based on the value-in-use calculations The value-in-use calculations use the discounted cash flow model with the assistance of an independent external valuer. The key assumption used in estimating the recoverable amounts of licenses not ready for use include revenue growth rates, gross margins and pre-tax discount rate.	We performed the following procedures to address the key audit matter: (1) Obtained an understanding of the management's internal control and assessment process of impairment assessment of licenses not ready for use; (2) Assessed the competence, capabilities and objectivity of the independent external valuer; (3) Evaluated the appropriateness of the valuation methodologies used in the value-in-use calculations; (4) Assessed the reasonableness of key assumptions including revenue growth rates, gross margins and pre-tax discount rate applied by management, by comparing with approved budget and observable market data of the industry; (5) Assessed management's sensitivity analysis on the key assumptions, to consider the extent to which adverse changes, would result in licenses not ready for use being impaired; (6) Evaluated the disclosures regarding the impairment assessment of licenses not ready for use in note 17 to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 ISAs 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.

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.

- 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 group 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 those charged with governance 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.

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

We also provide those charged with governance 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 those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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 the independent auditor's report is ZHOU SZE.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2024

	Notes	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	6	**158,218**	173,856
Cost of sales		**(80,902)**	(85,637)
Gross profit		**77,316**	88,219
Other income	7	**6,873**	8,249
Other gains and losses	8	**(147,554)**	(219,215)
Selling expenses		**(140,413)**	(113,196)
General and administrative expenses		**(120,068)**	(140,048)
Research and development expenses		**(282,989)**	(413,616)
Finance income	9	**28,431**	34,026
Finance costs	9	**(12,220)**	(12,415)
Finance costs — net	9	**16,211**	21,611
Loss before tax	10	**(590,624)**	(767,996)
Income tax expense	12	**—**	—
Loss for the year		**(590,624)**	(767,996)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency	29	**39,627**	86,460
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	29	**(1,388)**	(23,902)
Other comprehensive income for the year		**38,239**	62,558
Total comprehensive expense for the year		**(552,385)**	(705,438)
LOSS PER SHARE			
— Basic and diluted (RMB)	14	**(1.43)**	(1.87)

Consolidated Balance Sheet

As at December 31, 2024

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Non-Current Assets			
Property, plant and equipment	15	**232,392**	285,331
Right-of-use assets	16	**41,488**	55,800
Intangible assets	17	**582,966**	711,215
Prepayment for license	18	**7,189**	7,083
Other non-current assets	19	**7,656**	19,184
		871,691	1,078,613
Current Assets			
Inventories	20	**31,257**	34,778
Other receivables and prepayments	21	**7,233**	16,869
Other current assets	22	**12,808**	9,928
Bank balances and cash	23	**757,375**	1,005,909
		808,673	1,067,484
Current Liabilities			
Trade and other payables	24	**70,481**	109,085
Borrowings	25	**361,634**	105,000
Lease liabilities	26	**14,625**	16,005
Contract liabilities	27	**16,207**	30,424
Other current liabilities		**2,107**	3,955
		465,054	264,469
Net Current Assets		**343,619**	803,015
Total Assets Less Current Liabilities		**1,215,310**	1,881,628

Consolidated Balance Sheet

As at December 31, 2024

	Notes	As at 31 December 2024 RMB'000	2023 RMB'000
Capital and Reserves			
Share capital	28	**27**	27
Reserves	29	**6,725,096**	6,649,145
Accumulated losses		**(5,555,958)**	(4,965,334)
Total Equity		**1,169,165**	1,683,838
Non-Current Liabilities			
Borrowings	25	**19,500**	157,500
Lease liabilities	26	**26,645**	40,290
		46,145	197,790
		1,215,310	1,881,628

The consolidated financial statements on page 122 to 193 were approved and authorised for issue by the directors of the Company on 27 March 2025 and are signed on its behalf by:

MIN LIU
DIRECTOR

XING GAO
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2024

	Attributable to owners of the Company			
	Share capital RMB'000	Reserves RMB'000 (Note 29)	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	27	6,551,595	(4,197,338)	2,354,284
Loss for the year	—	—	(767,996)	(767,996)
Other comprehensive income for the year	—	62,558	—	62,558
Total comprehensive income (expense) for the year	—	62,558	(767,996)	(705,438)
Issuance of ordinary shares *(Note 28)*	*	27	—	27
Recognition of share-based compensation expenses *(Note 30)*	—	34,965	—	34,965
At 31 December 2023	27	6,649,145	(4,965,334)	1,683,838
Loss for the year	**—**	**—**	**(590,624)**	**(590,624)**
Other comprehensive income for the year	**—**	**38,239**	**—**	**38,239**
Total comprehensive income (expense) for the year	**—**	**38,239**	**(590,624)**	**(552,385)**
Issuance of ordinary shares *(Note 28)*	*****	**403**	**—**	**403**
Issuance of treasury shares hold in the trust *(Note 28)*	*****	*****	**—**	*****
Recognition of share-based compensation expenses *(Note 30)*	**—**	**37,309**	**—**	**37,309**
At 31 December 2024	**27**	**6,725,096**	**(5,555,958)**	**1,169,165**

* Amount is less than RMB1,000

Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Loss for the year	**(590,624)**	(767,996)
Adjustments for:		
Finance costs	**(16,211)**	(21,611)
Interest received	**28,431**	33,741
Net foreign exchange losses	**15,597**	37,324
Depreciation of property, plant and equipment	**55,110**	65,782
Depreciation of right-of-use assets	**15,723**	16,316
Amortization of intangible assets	**18,830**	17,736
Impairment loss of an intangible asset	**132,258**	181,208
Share-based payment expense	**37,309**	34,965
Loss on disposal of property, plant and equipment	**—**	929
Gain on early termination of leases	**(52)**	—
Operating cash flows before movements in working capital	**(303,629)**	(401,606)
Decrease in inventories	**3,521**	5,381
Decrease in trade receivable	**—**	5,305
Decrease in other receivables and prepayments	**9,636**	5,684
Increase in other current assets	**(2,880)**	(228)
Decrease/(increase) in other non-current assets	**11,196**	(5,388)
Decrease in trade and other payables	**(35,222)**	(41,945)
(Decrease)/increase in contract liabilities	**(14,217)**	30,424
(Decrease)/increase in other current liabilities	**(1,848)**	3,955
Cash used in operations	**(333,443)**	(398,418)
NET CASH USED IN OPERATING ACTIVITIES	**(333,443)**	(398,418)

For the year ended December 31, 2024

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**—**	84
Repayment of loan from a related party	**—**	23,552
Repayment of interest from a related party	**—**	848
Purchases of property, plant and equipment	**(5,222)**	(12,409)
Purchases of intangible assets	**(10,146)**	(2,171)
Payments for right-of-use assets	**(57)**	—
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	**(15,425)**	9,904
FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	**403**	27
Proceeds from borrowings	**327,950**	210,000
Repayments of borrowings	**(209,379)**	(182,300)
Interest paid for borrowings	**(10,145)**	(10,195)
Repayment of lease liabilities	**(16,327)**	(15,037)
Interest paid for lease liabilities	**(2,012)**	(2,220)
NET CASH FROM FINANCING ACTIVITIES	**90,490**	275
Effect of foreign exchange rate changes	**9,844**	10,812
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(248,534)**	(377,427)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,005,909**	1,383,336
CASH AND CASH EQUIVALENTS AT END OF YEAR	**757,375**	1,005,909

1. GENERAL INFORMATION

JW (Cayman) Therapeutics Co. Ltd (the "Company") was incorporated in the Cayman Islands, with its registered office situate at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, on September 6, 2017 as an exempted company with limited liability.

The Company and its subsidiaries, hereinafter collectively referred to as the "Group" are primarily engaged in research and development ("R&D"), manufacturing, and marketing of cellular immunotherapy products in the People's Republic of China (the "PRC").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on November 3, 2020 (the "Listing").

The consolidated financial statements are presented in Renminbi ("RMB"), which is different from the Company's functional currency of United States dollars ("USD").

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards-Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1. Effective for annual periods beginning on or after a date to be determined.
2. Effective for annual periods beginning on or after 1 January 2025.
3. Effective for annual periods beginning on or after 1 January 2026.
4. Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRSs mentioned below, the directors of the Company anticipate that the application of these new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures, but have no material impact on the Group's financial position and performance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information

Contractual arrangements

Due to the restrictions imposed by the relevant laws and regulatory regime of the PRC on foreign ownership of companies engaged in the gene therapy business carried out by subsidiaries of the Group, namely Shanghai Ju Ming Medical Technology Co., Ltd (上海炬明醫療技術有限公司) ("Shanghai Juming") and its wholly owned subsidiaries, Shanghai Ming Ju Biotechnology Co., Ltd (上海明聚生物科技有限公司) ("Shanghai Mingju") (collectively, "Shanghai Juming Group"), JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司) ("JW Shanghai") entered into the contractual arrangements (the " Contractual Arrangements") with Shanghai Juming and its equity holders, which enable JW Shanghai and the Group to:

- expose, or have rights, to variable returns from their involvement with the investee and have ability to affect those returns through its power and exercise effective financial and operation control over Shanghai Juming;
- exercise equity holders' controlling voting rights of Shanghai Juming;
- receive substantially all of the economic interest returns generated by Shanghai Juming in consideration for the business support, technical and consulting services provided by Shanghai Juming;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Shanghai Juming from its equity holders at the same amount of its registered capital, which was loaned from JW Shanghai. JW Shanghai may exercise such options at any time until it has acquired all equity interests and/or all assets of Shanghai Juming. In addition, Shanghai Juming is not allowed to sell, transfer, or dispose of any assets, or make any distributions to its equity holders without prior consent of JW Shanghai; and
- obtain a pledge over the entire equity interest of Shanghai Juming from its equity holders as collateral security to guarantee performance of their contractual obligations under the Contractual Arrangements.

The Group does not have any equity interest in Shanghai Juming Group. However, as a result of the Contractual Arrangements, the Group has power over Shanghai Juming Group, has rights to variable returns from its involvement with Shanghai Juming Group, has the ability to affect those returns through its power over Shanghai Juming Group and has the ability to exercise effective financial and operation control over Shanghai Juming Group. Consequently, the Company regards Shanghai Juming Group as indirect subsidiaries for accounting purpose. The Company consolidates the assets, liabilities, income and expenses of Shanghai Juming Group upon the execution of the Contractual Arrangements for the year ended 31 December 2023 and 2024.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 6.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises and machinery equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments were all the fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivables, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation.

Exchange differences relating to the retranslation of the Group's net assets in USD to the Group's presentation currency RMB are recognised directly in other comprehensive income and accumulated in foreign currency translation. Such exchange differences accumulated in the foreign currency translation are not reclassified to profit or loss subsequently.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which there are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options/Restricted share unit ("RSU") granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserves. For shares/share options that vest immediately at the date of grant, the fair value of the share/share options granted is expensed immediately to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Share options/Restricted share unit ("RSU") granted to employees (Continued)

When share options are exercised or the RSU are vested, the amount previously recognised in share-based payment reserves will continue to be held in share-based payment reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives, which are acquired separately, are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives when the assets are available for use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets — R&D expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination that are not ready for use are reported at costs less any impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives 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 (if any). Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that may be impaired.

The recoverable amount of property, plant and equipment, intangible assets, right-of-use assets are 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.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 pretax 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (Continued)

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Inventories (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including deposits classified as other receivables and other non-current assets and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information (Continued)

Inventories (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor 's ability to meet its debt obligations;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Inventories (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor 's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Inventories (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower 's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Inventories (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, trade related amounts due from related parties and other long-term receivables as well as contract assets where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item (note 8) as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

3.2 Material accounting policy information (Continued)

Inventories (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 8) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

Capitalization of research and development expenses

Development expenses incurred on the Group's drug product pipelines are capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs or expenditure which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determine whether the criteria are met for capitalization. During the year ended 31 December 2024 and 2023, all research and development costs are expensed when incurred.

Key sources of estimation uncertainty

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

Estimated impairment of intangible assets not ready for use

In-licenses are recognised as intangible assets and stated at cost less accumulated amortization and impairment, if any. Intangible assets not ready for use are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired.

Determining whether intangible assets not ready for use is impaired requires an estimation of recoverable amount of the cash-generating unit to which the intangible assets belong, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arising from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further loss may arise.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of intangible assets not ready for use (Continued)

As at 31 December 2024, the carrying amount of intangible assets not ready for use is RMB458,855,000 (2023: RMB579,757,000). The impairment loss recognised for the year ended 31 December 2024 is RMB132,258,000 (2023: RMB181,208,000). Details of the recoverable amount calculation are disclosed in Note 17.

5. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision maker ("CODM"), reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. The Group has only one reportable segment. Hence, no further information other than entity wide information was presented.

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the CODM for review.

All revenue from external customers is attributed to the Group and derived from the PRC. All non-current assets except in-licenses recognised as intangible assets of the Group are all located in the PRC.

There is no customer contributing over 10% of the total revenue of the Group for the year ended 31 December 2024 and 2023.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue from sales of autologous chimeric antigen receptor T-cell immunotherapy products ("CAR-T products") — at point in time	**158,218**	173,856

6. REVENUE (Continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies

For the sales of CAR-T products, revenue is recognised when control of goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the one-time infusion to patients completed. The entire transaction price received at the time of order placement by the Group is recognised as a contract liability until the one-time infusion to patients completed.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Government grants — cost related *(Note)*	**5,988**	8,249
Others *(Note 35)*	**885**	—
	6,873	8,249

Note: The government grants and subsidies related to funding received to compensate for the Group's research and development expenses. Some of the grants received are related to future costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. When the required conditions set by the government for such grants are met, the proportion of the qualified funds is recognised as "Other income" and the remaining balance is recorded as "Trade and other payables — deferred income".

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Impairment loss recognised in respect of intangible assets *(Note 17)*	**(132,258)**	(181,208)
Net foreign exchange losses	**(15,597)**	(37,324)
Gain on early termination of leases	**52**	—
Loss on disposal of property, plant and equipment	**—**	(929)
Others	**249**	246
	(147,554)	(219,215)

9. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest income from bank balances	**28,431**	34,026
Interest expense on bank borrowings	**(10,208)**	(10,195)
Interest expense on lease liabilities	**(2,012)**	(2,220)
	16,211	21,611

10. LOSS BEFORE TAX

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss before tax has been arrived after charging:		
Directors' emoluments *(Note 11)*	**24,680**	22,833
Other staff costs		
Wages and salaries	**131,366**	207,380
Share-based compensation expenses	**23,644**	20,025
Other post-employment benefits	**34,870**	73,382
Termination benefits	**13,136**	—
Staff costs (including directors' emoluments)	**227,696**	323,620
Capitalised in inventories	**(8,664)**	(14,763)
	219,032	308,857
Depreciation of property, plant and equipment	**55,110**	65,782
Depreciation of right-of-use assets	**15,723**	16,316
Amortization of intangible assets	**18,830**	17,736
Total depreciation and amortization	**89,663**	99,834
Capitalised in inventories	**(12,419)**	(21,161)
	77,244	78,673
Auditors' remuneration		
— Audit service	**2,625**	2,862
— Non-audit service	**900**	604
Cost of inventories recognised as an expense		
— Cost of sales	**58,572**	63,564
— Research and development expenses	**36,697**	75,475

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees *RMB'000*	Basic salaries, housing allowances, other allowances and benefits in kind *RMB'000*	Discretionary bonus *RMB'000*	Pension scheme contributions *RMB'000*	Share-based compensation expenses *RMB'000*	Termination benefits *RMB'000*	Total *RMB'000*
Year ended 31 December 2024							
Chief Executive Officer and Executive Director							
Min Liu *(i)*	–	1,440	308	37	115	–	1,900
Non-executive Directors							
Yiping James Li *(ii)*	–	1,342	–	42	13,550	6,000	20,934
Xing Gao	–	–	–	–	–	–	–
Sungwon Song	–	–	–	–	–	–	–
Cheng Liu	328	–	–	–	–	–	328
Independent Non-executive Directors							
Kin Cheong Kelvin Ho	337	–	–	–	–	–	337
Debra Yu	395	–	–	–	–	–	395
Peng Kuan Chan *(iii)*	135	–	–	–	–	–	135
Yiu Leung Andy Cheung *(iv)*	232	–	–	–	–	–	232
Krishnan Viswanadhan *(v)*	200	–	–	–	–	–	200
Ann Li Lee *(vi)*	219	–	–	–	–	–	219
	1,846	2,782	308	79	13,665	6,000	24,680

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	Fees *RMB'000*	Basic salaries, housing allowances, other allowances and benefits in kind *RMB'000*	Discretionary bonus *RMB'000*	Pension scheme contributions *RMB'000*	Share-based compensation expenses *RMB'000*	Others *RMB'000*	Total *RMB'000*
Year ended 31 December 2023							
Chief Executive Officer and Executive Director							
Yiping James Li *(ii)*	—	3,852	2,189	36	14,940	—	21,017
Non-executive Directors							
Xing Gao	—	—	—	—	—	—	—
Cheng Liu	331	—	—	—	—	—	331
Sungwon Song	—	—	—	—	—	—	—
Jinyin Wang *(vii)*	—	—	—	—	—	—	—
Independent Non-executive Directors							
Yiu Leung Andy Cheung *(iv)*	323	—	—	—	—	—	323
Krishnan Viswanadhan *(v)*	331	—	—	—	—	—	331
Debra Yu	276	—	—	—	—	—	276
Ann Li Lee *(vi)*	331	—	—	—	—	—	331
Kin Cheong Kelvin Ho	224	—	—	—	—	—	224
	1,816	3,852	2,189	36	14,940	—	22,833

Notes:

(i) Mr. Min Liu was appointed as the chief executive officer of the Company and an executive director on 31 July 2024.

(ii) Dr. Yiping James Li was appointed as the chief executive officer of the Company and an executive director on 5 August 2020 and redesignated as a non-executive director on 31 July 2024.

(iii) Mr. Peng Kuan Chan was appointed as an independent director on 28 August 2024.

(iv) Mr. Yiu Leung Andy Cheung was appointed as an independent director on 22 October 2020 and resigned on 28 August 2024.

(v) Dr. Krishnan Viswanadhan was appointed as an independent director on 20 November 2019 and resigned on 31 July 2024.

(vi) Dr. Ann Li Lee was appointed as an independent director on 22 May 2020 and resigned on 31 July 2024.

(vii) Mr. Jinyin Wang was appointed as an independent director on 20 May 2020 and resigned on 29 August 2023.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group, respectively.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

None of the directors nor the chief executive officer of the Company waived or agreed to waive any emoluments during the year.

During the year, no emoluments were paid by the Group to any of the directors nor the chief executive officer of the Company as an inducement to join or upon joining the Group.

Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one director (2023: one), whose emolument is reflected in the analysis shown above. The emoluments payable to the remaining four individuals during the year are as follows:

	Year ended 31 December	
	2024	2023
	HKD'000	*HKD'000*
Basic salaries, housing allowances, other allowances and benefits in kind	**6,554**	14,440
Discretionary bonuses	**—**	2,408
Pension scheme contributions	**194**	501
Share-based compensation expenses	**4,819**	2,958
Termination benefits	**1,394**	—
	12,961	20,307

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Five highest paid individuals (Continued)

The emoluments of the five highest paid individuals fell within the following bands:

	Year ended 31 December	
	2024	2023
	no. of individuals	*no. of individuals*
Emolument bands (in HKD)		
HKD3,000,001 to HKD3,500,000	**3**	—
HKD3,500,001 to HKD4,000,000	**1**	—
HKD4,000,001 to HKD4,500,000	**—**	1
HKD4,500,001 to HKD5,000,000	**—**	3
HKD22,500,001 to HKD23,000,000	**1**	1
	5	5

12. INCOME TAX EXPENSE

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 operated.

The Company was incorporated in the Cayman Islands and is exempted from income tax.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable income subjected to Hong Kong Profits Tax.

Entities in the State of Delaware are subject to Federal Tax at a rate of 21% and State of Delaware Profits Tax at a rate of 8.7%. Operations in the United States of America have incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded during the years ended 31 December 2024 and 2023.

Subsidiaries in Mainland China are subject to income tax at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, with the exception of JW Shanghai obtained its High-Tech Enterprise status in year of 2022 and hence is entitled to a preferential tax rate of 15% for a three-year period commencing the year of 2022.

No provision for Mainland China corporate income tax was provided for, as there's no assessable profit.

12. INCOME TAX EXPENSE (Continued)

The taxation of the Group's loss before taxation differs from the theoretical amount that would arise using the rates prevailing in the jurisdictions in which the Group operates as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(590,624)**	(767,996)
Income tax expense calculated at 25%	**(147,656)**	(191,999)
Effect of different tax rates	**43,561**	102,636
Expenses not deductible for taxation purposes	**10,828**	7,214
Super deduction in respect of research and development expenditures	**(29,860)**	(40,552)
Utilisation of previously unrecognised tax loss	**(67)**	(713)
Tax loss not recognised as deferred tax assets	**121,744**	125,007
Deductible temporary differences not recognised as deferred tax assets	**7,371**	5,921
Utilisation of previously unrecognised deductible temporary differences	**(5,921)**	(7,514)
Income tax expense	**—**	—

As at 31 December 2024, the Group has deductible temporary differences mainly related to accrual expenses of RMB29,484,000 (2023: RMB23,684,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at 31 December 2024, the Group has unused tax losses of RMB3,520,674,000 (2023: RMB3,048,343,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

12. INCOME TAX EXPENSE (Continued)

The unrecognised tax losses will be carried forward and expire in years as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
2024	**—**	14,644
2025	**23,613**	23,613
2026	**150,042**	150,042
2027	**157,131**	157,131
2028	**180,334**	180,334
2029	**259,992**	240,510
2030	**289,772**	289,772
2031	**664,535**	664,535
2032	**701,078**	701,078
2033	**626,684**	626,684
2034	**467,493**	—
	3,520,674	3,048,343

The tax losses of the Company's Mainland China subsidiaries with the exception of those of JW Shanghai and JW Therapeutics R&D (Shanghai) Co., Ltd ("JW R&D") will expire within five years. JW Shanghai as a High-Tech Enterprise and JW R&D as a Small and Medium-sized Technological Enterprise can carry forward losses for 10 years.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets	**9,297**	12,644
Deferred tax liabilities	**(9,297)**	(12,644)
	—	—

As at 31 December 2024, the carrying amounts of right-of-use assets and lease liabilities amounted to RMB41,488,000 (2023: RMB55,800,000) and RMB41,270,000 (2023: RMB56,295,000) respectively, in which the Group recognised the related deferred tax liabilities and deferred tax assets of RMB9,297,000 (2023: RMB12,644,000) and RMB9,297,000 (2023: RMB12,644,000) respectively.

13. DIVIDENDS

No dividend was paid or proposed for the shareholders of the Company during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

14. LOSS PER SHARE

Basic loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Loss attributable to the ordinary equity holders of the Company	**(590,624)**	(767,996)
	'000	*'000*
Weighted average number of ordinary shares in issue	**413,634**	411,530

Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2024 and 2023, the Company had one category of potential ordinary shares: the stock options granted to employees. As the Group incurred losses for the year ended 31 December 2024 and 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended 31 December 2024 and 2023 are the same as basic loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Machinery *RMB'000*	Electronic equipment *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST					
At 1 January 2023	156,291	33,026	234,657	32,895	456,869
Additions	—	—	932	3,087	4,019
Transfer	28,711	825	5,597	(35,133)	—
Disposals	—	(2,640)	(6,427)	—	(9,067)
At 31 December 2023	**185,002**	**31,211**	**234,759**	**849**	**451,821**
Additions	**213**	**—**	**399**	**1,559**	**2,171**
Transfer	**838**	**683**	**813**	**(2,334)**	**—**
Disposals	**—**	**—**	**(1,643)**	**—**	**(1,643)**
At 31 December 2024	**186,053**	**31,894**	**234,328**	**74**	**452,349**
DEPRECIATION					
At 1 January 2023	39,117	14,636	55,009	—	108,762
Provided for the year	24,973	4,811	35,998	—	65,782
Eliminated on disposals	—	(2,042)	(6,012)	—	(8,054)
At 31 December 2023	**64,090**	**17,405**	**84,995**	**—**	**166,490**
Provided for the year	**22,657**	**2,465**	**29,988**	**—**	**55,110**
Eliminated on disposals	**—**	**—**	**(1,643)**	**—**	**(1,643)**
At 31 December 2024	**86,747**	**19,870**	**113,340**	**—**	**219,957**
CARRYING VALUES					
At 31 December 2024	**99,306**	**12,024**	**120,988**	**74**	**232,392**
At 31 December 2023	120,912	13,806	149,764	849	285,331

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum after taking into account of the residual value:

Machinery	9.00% to 18.00%
Electronic equipment	9.00% to 18.00%
Leasehold improvements	Over the shorter of lease term or 10%

16. RIGHT-OF-USE ASSETS

	Buildings *RMB'000*
COST	
At 1 January 2023	77,997
Additions	27,340
Derecognition due to the completion of leases	(28,568)
Decrease in early termination of leases	(1,847)
At 31 December 2023	74,922
Additions	**1,952**
Derecognition due to the completion of leases	**(9,879)**
Decrease in early termination of leases	**(650)**
At 31 December 2024	**66,345**
DEPRECIATION	
At 1 January 2023	32,885
Charge for the year	16,316
Derecognition due to the completion of leases	(28,568)
Decrease in early termination of leases	(1,511)
At 31 December 2023	19,122
Charge for the year	**15,723**
Derecognition due to the completion of leases	**(9,879)**
Decrease in early termination of leases	**(109)**
At 31 December 2024	**24,857**
CARRYING VALUES	
At 31 December 2024	**41,488**
At 31 December 2023	55,800

16. RIGHT-OF-USE ASSETS (Continued)

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Expense relating to short-term leases with lease terms end within 12 months	**1,730**	5,680
Total cash outflow for leases	**20,126**	22,937

For both year, the Group leases office premises for its operations. Lease contracts are entered into for fixed term of 12 months to 8 years (2023: 2 years to 8 years) without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group regularly entered into short-term leases for office premises and machinery equipment. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar.

In addition, all the balance of lease liabilities are recognised with related right-of-use assets as at 31 December 2024 and 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the maturity analysis of lease liabilities are set out in Note 26.

17. INTANGIBLE ASSETS

	Computer software *RMB'000*	Licenses *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST				
At 1 January 2023	52,538	864,724	128	917,390
Additions	—	—	2,171	2,171
Transfer	2,258	—	(2,258)	—
Currency translation differences	—	14,663	—	14,663
At 31 December 2023	54,796	879,387	41	934,224
Additions	**—**	**9,990**	**156**	**10,146**
Transfer	**138**	**—**	**(138)**	**—**
Currency translation differences	**—**	**13,197**	**—**	**13,197**
At 31 December 2024	**54,934**	**902,574**	**59**	**957,567**
AMORTISATION AND IMPAIRMENT				
At 1 January 2023	8,316	15,390	—	23,706
Charge for the year	6,063	11,673	—	17,736
Impairment charge	—	181,208	—	181,208
Currency translation differences	—	359	—	359
At 31 December 2023	14,379	208,630	—	223,009
Charge for the year	**5,993**	**12,837**	**—**	**18,830**
Impairment charge	**—**	**132,258**	**—**	**132,258**
Currency translation differences	**—**	**504**	**—**	**504**
At 31 December 2024	**20,372**	**354,229**	**—**	**374,601**
CARRYING VALUES				
At 31 December 2024	**34,562**	**548,345**	**59**	**582,966**
At 31 December 2023	40,417	670,757	41	711,215

17. INTANGIBLE ASSETS (Continued)

The above intangible assets other than licenses not ready for use are amortised on a straight-line basis over the following periods:

Computer software	3–10 years
Licenses	10 years

Relma-cel licenses

In December 2017, the Group entered into License and Strategic Alliance Agreement ("Relma-cel License") with Juno Therapeutics, Inc. ("Juno") to develop and commercialize Relma-cel in Mainland China, Hong Kong and Macau.

The upfront payment of USD11,570,000 (equivalent to RMB75,601,000) was initially recognised as intangible assets in 2017. The milestone payments amounted to USD5,000,000 (equivalent to RMB32,462,000) capitalised in 2021 as the completion of clinical treatment of 100 patients. Subsequently, the reimbursement payments of USD150,000 (equivalent to RMB1,045,000) in 2022 and USD1,400,000 (equivalent to RMB9,990,000) in 2024 further recognised as intangible assets for the upstream milestone payments by Juno as the achievement of clinical trial initiation milestones and the payment obligation became unconditional.

As at 31 December 2024, the carrying amount of the Relma-cel License amounted to RMB89,490,000 (2023: RMB91,000,000), (which is net of the accumulated amortisation of RMB40,764,000 (2023: RMB27,422,000)).

BCMA licenses

In April 2019, the Group entered into License Agreement — BCMA ("BCMA License Agreement") with Juno to develop and commercialize JWCAR129 in Mainland China, Hong Kong and Macau. The Group recognised the upfront payment amounted to USD9,140,000 (equivalent to RMB61,318,000) as intangible assets in year 2019.

Eureka licenses

In June 2020, the Group acquired the licenses in a business combination and recognised the licenses, which includes certain licenses under development and commercialization in Mainland China, Hong Kong, Macau, Taiwan and the member countries of Association of South East Asia Nation, at fair value on the acquisition date ("Eureka Licenses"). The Group recognised a total amount of USD95,300,000 (equivalent to RMB674,676,000) as intangible assets in year 2020.

17. INTANGIBLE ASSETS (Continued)

2seventy licenses

In October 2022, the Group entered into the Collaboration Agreement with 2seventy bio, Inc. ("2seventy") for the development and commercialization of a cell therapy product directed to MAGE-A4 in Greater China. The Group provided 2seventy upfront payment in cash in an amount of USD3,000,000 (equivalent to RMB20,894,000) and recognised it as intangible assets.

As at 31 December 2024, BCMA license, Eureka licenses and 2seventy license with total carrying amount of RMB458,855,000 (2023: RMB579,757,000) were not yet ready for use.

Impairment assessment

Intangible assets not yet ready for use are tested annually based on the recoverable amount of the cash-generating unit to which the intangible asset is related. The appropriate cash-generating unit is at the pipeline level. The annual impairment test was performed for the pipeline by engaging an independent qualified professional valuer to estimate value in use as the recoverable amount of the pipeline. The value in use is estimated using discount cash flow approach.

With the assistance of an external appraiser, management determined the recoverable amount of the intangible assets not ready for use based on the following approach and the key assumptions:

- cash inflows are generated for each pipeline based on the progress of clinical development and regulatory approval, commercial ramp up to reach expected peak revenue potential, and up to the end of the exclusivity for the product. The estimated revenue of each pipeline is based on the management's estimate of timing of commercialization. The costs and operating expenses are estimated as a percentage over the revenue forecast period based on the current margin levels of comparable companies with adjustments made to reflect the expected future price changes. The management considers the length of forecast period is appropriate because it generally takes longer for a biopharma company to generate positive cash flows, compared to companies in other industries, especially when the related products are under clinical trial. Hence, the management believes that a forecast period longer than five years is justifiable and consistent with industry practice. During this year, the range of forecast period was 10 to 15 years since the year of 2025.

- The discount rate used is pre-tax and reflects the current market assessments of the time value of money and the risks specific to each of the cash-generating unit.

17. INTANGIBLE ASSETS (Continued)

Impairment assessment (Continued)

The key assumptions based on management's best estimates as adopted for the recoverable amount calculations are as follows:

	BCMA licenses	Eureka licenses	2seventy licenses
Pre-tax discount rate			
31 December 2024	**28.9%**	**28.4%**	**27.3%**
31 December 2023	29.9%	29.3%	28.3%
Revenue growth rate			
31 December 2024	**(2.0%)~40.4%**	**(2.0%)~229.4%**	**(18.6%)~108.6%**
31 December 2023	(2.0%)~63.4%	(2.0%)~229.4%	(18.6%)~108.6%
Gross margin			
31 December 2024	**72.8%~77.7%**	**75.9%~87.3%**	**57.6%~78.1%**
31 December 2023	72.8%~77.7%	68.2%~81.1%	67.5%~78.1%
Recoverable amount of CGU (in RMB million)			
31 December 2024	**51**	**386**	**49**
31 December 2023	104	494	62

Based on the result of above assessment, the Company made a provision for impairment of RMB14 million and RMB299 million on BCMA licenses and Eureka licenses as of 31 December 2024 (2023: RMB181 million on Eureka licenses). The recoverable amount is significantly above the carrying amount of 2seventy licenses. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

18. PREPAYMENT FOR LICENSE

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Prepayment for license *(Note)*	**7,189**	7,083

Note: In January 2020, the Company entered into an Option and License Agreement with Acepodia Biotechnologies, Ltd. ("Acepodia"), pursuant to which, the Company was granted an exclusive option to acquire an exclusive right and license to manufacture, develop, use, sell, offer for sale, import and otherwise commercialize certain products. On 3 February 2020, the Company paid first instalment of USD1,000,000 to Acepodia.

19. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Rental deposits	**4,512**	4,639
Value-added tax recoverable	**1,497**	12,566
Prepayments for property, plant and equipment	**1,647**	1,979
	7,656	19,184

20. INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Raw materials	**25,106**	24,297
Work in progress	**6,151**	9,785
Goods in transit	**—**	696
	31,257	34,778

21. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Prepayments to suppliers	**1,786**	10,776
Deposits	**5,157**	5,534
Others	**290**	559
	7,233	16,869

Details of impairment assessment of other receivables are set out in note 33.

22. OTHER CURRENT ASSETS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Value-added tax recoverable	**9,950**	5,922
Other	**2,858**	4,006
	12,808	9,928

23. BANK BALANCES AND CASH

Bank balances and cash carry interest at market rates ranging from 0.01% to 4.60% (2023: 0.01% to 5.47%).

Analysis of bank balances and cash of the Group denominated in currencies other than the functional currency of relevant group entities is set out below:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
USD	**102,362**	269,227
RMB	**126,557**	42,499
HKD	**2,537**	11,244
	231,456	322,970

24. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**2,116**	3,269
Payables for purchase of services and R&D materials	**38,029**	50,403
Accrued expenses	**20,086**	21,873
Staff salaries and welfare payables	**6,742**	22,535
Value-added tax and payroll tax	**2,908**	6,622
Deferred income	**600**	1,000
Payables for purchase of property, plant and equipment	**—**	3,383
	70,481	109,085

The average credit period on purchases of goods and services of the Group is 30–60 days.

The following is an aged analysis of trade payables, presented based on earlier of the date of goods and services received and the demand note at the end of each reporting period:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
0–30 days	**1,702**	1,630
31–60 days	**22**	1,400
61–90 days	**—**	90
91–120 days	**—**	12
121–365 days	**217**	137
Over 365 days	**175**	—
	2,116	3,269

24. TRADE AND OTHER PAYABLES (Continued)

Analysis of trade and other payables of the Group denominated in currencies other than the functional currency of relevant group entities is set out below:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
USD	**3,143**	12,756
RMB	**1,045**	255
HKD	**54**	116
	4,242	13,127

25. BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
At amortised cost:		
Unsecured bank borrowings	**381,134**	262,500
Fixed-rate borrowings	**193,634**	65,000
Variable-rate borrowings	**187,500**	197,500

25. BORROWINGS (Continued)

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
The carrying amounts of the borrowings are repayable:		
Within one year	**361,634**	105,000
Within a period of more than one year but not exceeding two years	**19,500**	36,000
Within a period of more than two years but not exceeding five years	**—**	79,000
Within a period of more than five years	**—**	42,500
	381,134	262,500
Less: Amounts due within 12 months shown under current liabilities	**361,634**	105,000
Amounts shown under non-current liabilities	**19,500**	157,500

The ranges of the effective interest rates on the Group's borrowings are as follows:

	Year ended 31 December	
	2024	2023
Fixed-rate borrowings	**2.4%–3.5%**	2.5%–3.5%
Variable-rate borrowings	**2.6%–3.8%**	2.9%–3.8%

All the Group's borrowings are denominated in the functional currencies of the relevant group entities.

During the year, in respect of the bank loan with a carrying amount of RMB79,500,000 and RMB42,000,000 as at 31 December 2024, the Group breached certain of the terms of the bank loan, which are primarily related to the requirement of equity financing or profitability of the Company in 2024 and the assets-liabilities ratio of a subsidiary of the Group respectively. On discovery of the breach, the directors of the Company informed the lender and commenced a renegotiation of the terms of the loan with the relevant banker. As at 31 December 2024, those negotiations had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 December 2024.

25. BORROWINGS (Continued)

Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lender will ultimately reach a successful conclusion. In any event, should the lender call for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

The fair values of borrowings equal to their carrying amounts as the discounting impact is not significant.

26. LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	**14,625**	16,005
Within a period of more than one year but not exceeding two years	**8,401**	13,722
Within a period of more than two years but not exceeding five years	**15,451**	18,381
Within a period of more than five years	**2,793**	8,187
	41,270	56,295
Less: Amount due for settlement within 12 months shown under current liabilities	**14,625**	16,005
Amount due for settlement after 12 months shown under non-current liabilities	**26,645**	40,290

The weighted average incremental borrowing rates applied to the lease liabilities range from 3.10% to 4.75% (2023: 3.18% to 4.75%) for the year ended 31 December 2024.

27. CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contract liabilities	**16,207**	30,424

As at 1 January 2023, the amount of contract liabilities was RMB nil. Revenue recognised that was included in the contract liabilities balance at the beginning of the years during each of the two years ended 31 December 2024 and 2023 amounted to RMB30,424,000 and RMB nil respectively.

For the contracts which require prepayments from the customer, the Group typically receive all the amounts of the product once the order placed.

28. SHARE CAPITAL

Authorized:

	Number of ordinary shares *In thousands*	**Nominal value of ordinary shares** *USD*	**RMB equivalent value** *RMB'000*
At 1 January 2023, 31 December 2023 and 2024	5,000,000	50,000	332

Issued and fully paid:

	Number of ordinary shares *In thousands*	**Nominal value of ordinary shares** *USD*	**RMB equivalent value** *RMB'000*
At 1 January 2023	411,036	4,110	27
Issuance of ordinary shares	1,360	14	*
At 31 December 2023	412,396	4,124	27
Issuance of ordinary shares *(Note (a))*	1,933	19	*
Issuance of treasury shares hold in the trust *(Note(b))*	1,203	12	*
At 31 December 2024	415,532	4,155	27

* Amount is less than RMB1,000

28. SHARE CAPITAL (Continued)

Issued and fully paid: (Continued)

Notes:

(a) During the year ended 31 December 2024, the Group issued a total of 1,933,743 ordinary shares to the Group's employees as the result of exercise of stock option after vesting period with a total exercise price of USD57,000 (equivalent to RMB403,000).

(b) On 2 April 2024, the Company issued and allotted 1,203,121 ordinary shares of USD0.01 each for the Pre-IPO Restricted Share Unit Scheme to Computershare Hong Kong Trustees Limited to hold on behalf of future participants of the Pre-IPO Restricted Share Unit Scheme.

29. RESERVES

	Share premium *RMB'000* *Note (a)*	Share-based compensation reserve *RMB'000* *Note (b)*	Treasury shares held in trust *RMB'000*	Foreign currency translation *RMB'000* *Note (c)*	Capital reserve *RMB'000* *Note (d)*	Total *RMB'000*
At 1 January 2023	6,080,761	321,565	(1)	137,044	12,226	6,551,595
Issuance of ordinary shares	27	—	—	—	—	27
Share-based compensation expenses	—	34,965	—	—	—	34,965
Currency translation differences	—	—	—	62,558	—	62,558
At 31 December 2023	6,080,788	356,530	(1)	199,602	12,226	6,649,145
At 1 January 2024	**6,080,788**	**356,530**	**(1)**	**199,602**	**12,226**	**6,649,145**
Issuance of ordinary shares	**403**	**—**	**—**	**—**	**—**	**403**
Issuance of treasury share hold in the trust	**—**	**—**	*	**—**	**—**	*
Share-based compensation expenses	**—**	**37,309**	**—**	**—**	**—**	**37,309**
Currency translation differences	**—**	**—**	**—**	**38,239**	**—**	**38,239**
At 31 December 2024	**6,081,191**	**393,839**	**(1)**	**237,841**	**12,226**	**6,725,096**

* Amount is less than RMB1,000

Notes:

(a) Share premium arose from the issuance of the Company's shares in excess of their par value.

(b) Share-based compensation reserve arises from share-based payment granted to employees of the Group.

(c) Foreign currency translation represents the difference arising from the translation of financial statements of companies within the Group that have a functional currency different from the presentation currency of RMB for the financial statements of the Group.

(d) Capital reserve represents the difference of aggregate consideration paid by the Group and the aggregate capital of the subsidiaries acquired before the year ended 31 December 2020.

30. SHARE-BASED PAYMENTS

Pre-IPO Incentivization Scheme and Restricted Share Unit Schemes

In order to attract, retain and motivate employees, directors and such other eligible persons and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, directors and other persons to participate in the growth and profitability of the Group, the Company adopted the Pre-IPO Incentivization Scheme and Restricted Share Unit Schemes on 4 September 2019.

The Pre-IPO Incentivization Scheme and the Restricted Share Unit Schemes shall be valid and effective for a period of ten years commencing on the adoption date. All the options under the Pre-IPO Incentivization Scheme were granted between 4 September 2019 and 10 September 2020 (both days inclusive).

The maximum number of Shares in respect of which awards may be granted under the Pre-IPO Incentivization Scheme and the Restricted Share Unit Scheme shall not, in aggregate exceed 36,031,500 Shares which is a shared common pool.

There are two types of vesting schedule under the Pre-IPO Incentivization Scheme and the Restricted Share Unit Scheme: (i) with 30% will vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% will vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% will vest on each anniversary of the vesting commencement date, respectively.

Post-IPO Share Option Scheme and Post-IPO Restricted Share Unit Scheme

On 14 October 2020, the Company adopted the Post-IPO Share Option Scheme and Post-IPO Restricted Share Unit Scheme to encourage participants to work towards enhancing the value of the Group and to reward their contribution to the Group.

The Post-IPO Share Option Scheme and Post-IPO Restricted Share Unit Scheme will remain in force for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme and Post-IPO Restricted Share Unit Scheme were adopted.

The maximum number of Shares in respect of which awards may be granted under the Post-IPO RSU Scheme shall not, in aggregate exceed 7,539,449 Shares and the maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme shall not in aggregate exceed 37,617,622 Shares.

There are two types of vesting schedule under the Post-IPO Share Option Scheme and the Restricted Share Unit Scheme granted before the year of 2024: (i) with 30% will vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% will vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively; and (ii) with 25% will vest on each anniversary of the vesting commencement date, respectively.

30. SHARE-BASED PAYMENTS (Continued)

Post-IPO Share Option Scheme and Post-IPO Restricted Share Unit Scheme (Continued)

Pursuant to a resolution dated 2 September 2024 ("2024 September Plan"), the Company granted 1,500,000 share options and 400,000 RSU at nil consideration to a director and 539,144 share options and 269,572 RSU at nil consideration to an employee of the Group as rewards for their services, full time devotion and professional expertise to certain of the Group's subsidiaries, subject to the meeting of the criteria of each employee's performance before the relevant vesting date under Post-IPO Share Option Scheme and Post-IPO Restricted Share Unit Scheme.

Details of the share options/RSU granted on 2 September 2024 are as follows:

Grantee	Type	Vesting schedule defined in contract term	Number of share options/ RSU granted
A director	Share option	Note	1,500,000
An employee	Share option	Note	539,144
A director	RSU	Note	400,000
An employee	RSU	Note	269,572

Note: The vesting schedules for the above granted share options and RSU is with 30% will vest on the second anniversary of the vesting commencement date and the remaining 30% and 40% will vest on the third anniversary and fourth anniversary of the vesting commencement date, respectively.

The following table summarizes the Group's stock option activities:

	Year ended 31 December			
	2024		2023	
	Weighted average exercise price *(in USD)*	Number of stock options	Weighted average exercise price *(in USD)*	Number of stock options
As at beginning of year	**1.21**	**13,370,225**	1.11	15,819,871
Granted from 2023 August Plan	**—**	**—**	0.31	1,467,845
Granted from 2024 September Plan	**0.17**	**2,039,144**	—	—
Exercised during the year	**0.03**	**(1,933,743)**	0.003	(1,360,144)
Cancelled during the year	**0.73**	**(1,185,454)**	—	—
Forfeited during the year	**0.74**	**(1,564,210)**	0.64	(2,422,544)
Expired during the year	**0.74**	**(560,909)**	0.64	(134,803)
As at end of year	**1.32**	**10,165,053**	1.21	13,370,225
Vested and exercisable at end of year	**1.57**	**6,611,533**	1.10	7,024,381

30. SHARE-BASED PAYMENTS (Continued)

Post-IPO Share Option Scheme and Post-IPO Restricted Share Unit Scheme (Continued)

The share options outstanding at 31 December 2024 had a weighted average remaining contractual life of 7.18 years (2023: 7.64 years).

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise was USD0.27 (2023: USD0.40).

The closing price of the Company's shares immediately before 2 September 2024, the date of grant, was HKD1.28.

The share options fair values were calculated using the Binomial model. The inputs into the model were as follows:

	Granted during the year ended 31 December	
	2024	2023
Grant date option fair value per share	**HKD0.57–HKD0.62**	HKD1.54–HKD1.57
Exercise price	**HKD1.32**	HKD2.46
Expected volatility	**52.4%**	81%
Risk-free interest rate	**2.99%**	3.15%~3.93%

The following table summarizes the Group's unvested restricted shares activities:

	Year ended December 31,	
	2024	2023
	Numbers of shares	*Numbers of shares*
As at beginning of year	**5,326,548**	8,493,263
Granted from 2023 August Plan	**—**	890,918
Granted from 2024 September Plan	**669,572**	—
Vested during the year	**(1,383,318)**	(2,938,767)
Cancelled during the year	**(783,249)**	—
Forfeited during the year	**(941,572)**	(1,118,866)
As at end of year	**2,887,981**	5,326,548

The fair value of RSU is HKD2.46 for 2023 August Plan and HKD1.28 for 2024 September Plan, which is the closing price of the grant shares in the stock market on the grant date.

The Group recognised the total expense of RMB37,309,000 for the year ended 31 December 2024 in relation to share-based payments (2023: RMB34,965,000).

31. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make specified contributions. The total expense recognised in profit or loss of RMB15,134,000 (2023: RMB21,517,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

During the years ended 31 December 2024 and 2023, the Group contributions to the retirement benefit scheme are expensed as incurred and not reduced by contribution forfeited by those employees who leave the plan.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 25, lease liabilities disclosed in note 26, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost	**767,044**	1,016,082
Financial liabilities		
Financial liabilities at amortised cost	**441,365**	341,428
Lease liabilities	**41,270**	56,295

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits classified as other receivables and other non-current assets, bank balances and cash, trade and other payables, borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank balances and cash, other receivables and prepayments, and trade and other payables are denominated in foreign currencies of respective Group entities which are exposed to foreign currency risk. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the year are mainly as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Assets		
RMB	**3,664,684**	3,533,487
USD	**126,606**	43,471
HKD	**258,873**	262,045
	4,050,163	3,839,003
Liabilities		
RMB	**1,795,546**	1,473,149
USD	**1,205,078**	1,086,365
HKD	**475**	527
	3,001,099	2,560,041

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currencies against respective entities' functional currencies, with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive/negative number below indicates an increase/decrease in profit where foreign currencies strengthen 5% against functional currencies. For a 5% weakening of foreign currencies against functional currencies, there would be an equal and opposite impact on profit/loss for the year.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Impact on profit or loss	**52,453**	63,948

Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities, borrowings and fixed-rate term deposit. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on variable-rate bank borrowings. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank borrowings is insignificant, therefore no sensitivity analysis on such risk has been prepared.

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to bank balances and cash and deposits classified as other receivables and other non-current assets.

In order to minimize credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk gradings to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment for bank balances and cash and deposits classified as other receivables and other non-current assets comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	The counterparty still has a strong capacity to meet contractual cash flows after due date and the Group considers that the counterparty can settle in full afterwards.	12-month ECL
Watch list	Repayments are overdue and the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL — not credit-impaired
Doubtful	Repayments are overdue and the Group considers that default has occurred.	Lifetime ECL — credit-impaired
Loss	There is evidence indicating the asset is fully impaired.	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

Deposits classified as other receivables and other non-current assets

For the purpose of impairment assessment for deposits classified as other receivables and other non-current assets, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for these financial assets, the directors of the Company have taken into account the financial positions of the counterparties in estimating the probability of default of each of the deposits classified as other receivables and other non-current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the 12m ECL allowance is insignificant.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Bank balances and cash

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	As at 31 December 2024 Gross carrying amount *RMB'000*	2023 Gross carrying amount *RMB'000*
Financial assets at amortised cost						
Deposits	21	N/A	N/A *Note (i)*	12-month ECL	**5,157**	5,534
Rental deposits	19	N/A	N/A *Note (i)*	12-month ECL	**4,512**	4,639
Bank balances and cash	23	AAA–A	N/A	12-month ECL	**757,375**	1,005,909

Note:

(i) For the purpose of internal credit risk management, the Group uses repayment history or other relevant information to assess whether credit risk has increased significantly. As at 31 December 2024 and 2023, the balances of deposits classified as other receivables and other non-current assets are not past due and the internal credit rating of these balances are considered as low risk.

33. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

For management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilisation of borrowings, renews the borrowings upon expiry based on the actual operation requirement of the Group and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year *RMB'000*	1–5 years *RMB'000*	More than five years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
For the year ended 31 December 2024						
Trade and other payables	**—**	**60,231**	**—**	**—**	**60,231**	**60,231**
Lease liabilities	**3.94%**	**16,129**	**26,411**	**2,832**	**45,372**	**41,270**
Borrowings	**3.10%**	**373,462**	**20,105**	**—**	**393,567**	**381,134**
As at 31 December 2024		**449,822**	**46,516**	**2,832**	**499,170**	**482,635**

	Weighted average interest rate	On demand or less than 1 year *RMB'000*	1–5 years *RMB'000*	More than five years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
For the year ended 31 December 2023						
Trade and other payables	—	78,928	—	—	78,928	78,928
Lease liabilities	4.11%	18,000	35,872	8,495	62,367	56,295
Borrowings	3.37%	111,788	128,060	44,861	284,709	262,500
As at 31 December 2023		208,716	163,932	53,356	426,004	397,723

33. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

There were no transfers between Level 1, 2 and 3 during the year.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities *RMB'000*	**Borrowings** *RMB'000*
At 1 January 2023	44,328	234,800
Financing cash flows	(17,257)	17,505
Interest expenses	2,220	10,195
New leases	27,340	—
Early termination of lease	(336)	—
At 31 December 2023	56,295	262,500
Financing cash flows	**(18,339)**	**108,426**
Interest expenses	**2,012**	**10,208**
New leases	**1,895**	**—**
Early termination of lease	**(593)**	**—**
At 31 December 2024	**41,270**	**381,134**

35. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Name of related parties	Relationship with the Group
Juno	Shareholder
Yiping James Li	Connected person

Key management compensation

The directors are regarded as the key management of the Group. The compensation paid or payable to the key management for employment services is disclosed in Note 11.

Transactions with related parties

Other income from a related party

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Juno	**885**	—

Purchase of materials — Viral vectors

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Juno	**21,489**	26,257

Purchase of materials — Others

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Juno	**150**	166

35. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties (Continued)

Royalty fee

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Juno	**9,422**	10,430

Note: The Group is required to pay Juno royalty fee in cash for Relma-cel and any related diagnostic products based on annual net sales in the Territory, subject to certain adjustments in specified circumstances under the Relma-cel license.

Reimbursement

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Juno	**9,990**	—

Material manufacturing cost afforded by a related party

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Juno	**2,168**	—

Interest of loan to connected person

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Yiping James Li	**—**	285

35. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties (Continued)

Repayment of Loan from connected person

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Yiping James Li	**—**	23,552

Repayment of interest from connected person

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Yiping James Li	**—**	848

Balances with related parties

Trade and other payables

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Juno	**4,818**	14,099

Note: The balances due to Juno were unsecured, trade in nature and non-interest bearing.

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-Current assets		
Intangible assets	**162,035**	176,984
Prepayment for license	**7,189**	7,083
Investments in subsidiaries	**1,084,304**	1,036,884
	1,253,528	1,220,951
Current Assets		
Other receivables and prepayments	**214,911**	2,726,298
Other current assets	**151**	176
Bank balances and cash	**364,568**	752,255
	579,630	3,478,729
Current Liabilities		
Trade and other payables	**62,667**	41,824
Net Current Assets	**516,963**	3,436,905
Total Assets Less Current Liabilities	**1,770,491**	4,657,856
Capital and Reserves		
Share capital	**27**	27
Reserves	**6,774,439**	6,672,811
Accumulated losses	**(5,003,975)**	(2,014,982)
Total Equity	**1,770,491**	4,657,856

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

The movement of the reserves of the Company is as follows:

	Share premium *RMB'000*	Share-based compensation reserve *RMB'000*	Treasury shares held in trust *RMB'000*	Foreign currency translation *RMB'000*	Capital reserve *RMB'000*	Total *RMB'000*
At 1 January 2023	6,080,761	320,633	(1)	164,351	1	6,565,745
Issuance of ordinary shares	27	—	—	—	—	27
Recognition of share-based compensation expenses	—	34,965	—	—	—	34,965
Currency translation differences	—	—	—	72,074	—	72,074
At 31 December 2023	6,080,788	355,598	(1)	236,425	1	6,672,811
At 1 January 2024	**6,080,788**	**355,598**	**(1)**	**236,425**	**1**	**6,672,811**
Issuance of ordinary shares	**403**	**—**	**—**	**—**	**—**	**403**
Issuance of treasury shares hold in the trust	**—**	**—**	*	**—**	**—**	*
Recognition of share-based compensation expenses	**—**	**37,309**	**—**	**—**	**—**	**37,309**
Currency translation differences	**—**	**—**	**—**	**63,916**	**—**	**63,916**
At 31 December 2024	**6,081,191**	**392,907**	**(1)**	**300,341**	**1**	**6,774,439**

* Amount is less than RMB1,000

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below.

Name of subsidiaries	Place of incorporation/ Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2024	2023	Principal activities
JWS Therapeutics Investment Co. Ltd.	Cayman Islands/ June 19, 2020	USD50,000	**100%**	100%	Investment holding
JW (Hong Kong) Therapeutics Limited	Hong Kong/ October 3, 2017	USD6,200,000 & HKD10,000	**100%**	100%	Investment holding
JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司)	The PRC/ February 18, 2016	USD90,500,000	**100%**	100%	Drug research and development and import and export handling
Shanghai Ju Ming Medical Technology Co., Ltd. (上海炬明醫療技術有限公司)	The PRC/ July 10, 2017	RMB1,000,000	**100%**	100%	Medical research and experimental development
Shanghai Ming Ju Biotechnology Co., Ltd. (上海明聚生物科技有限公司)	The PRC/ August 30, 2017	RMB1,000,000	**100%**	100%	Clinical trial and CRO
JW Therapeutics R&D (Shanghai) Co., Ltd (上海藥明巨諾生物醫藥研發有限公司)	The PRC/ December 5, 2018	USD40,000,000	**100%**	100%	Drug research and development
JW Therapeutics (Suzhou) Co., Ltd. (蘇州藥明巨諾生物科技有限公司)	The PRC/ September 12, 2018	USD65,000,000	**100%**	100%	Drug research and development and manufacturing and import and export handling
Syracuse Biopharma (Hong Kong) Limited	Hong Kong/ June 7, 2018	USD13,894,000	**100%**	100%	Investment holding
JW Therapeutics LLC	The USA/ January 31, 2022	USD420,000	**100%**	100%	Medical research and experimental development

38. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events since the end of the Reporting Period.

Definitions and Glossary of Technical Terms

In this report, unless the context otherwise requires, the following expressions have the meanings set out below. These expressions and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled expressions adopted by other companies operating in the same industries as our Company.

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AGM(s)"	annual general meeting(s) of the Company
"Articles of Association"	the ninth amended and restated articles of association of the Company adopted by special resolution passed on June 18, 2024
"Audit Committee"	the audit committee of the Board
"BCMA License Agreement"	the license agreement entered into between our Company and Juno dated April 11, 2019
"Board", "our Board" or "Board of Directors"	the board of Directors of our Company
"Board Committees"	the Audit Committee, the Nomination Committee and the Remuneration Committee
"CAR"	chimeric antigen receptor
"CAR-T"	chimeric antigen receptor T-cell
"CEO"	the chief executive officer of our Group
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", "the Company" or "JW Therapeutics"	JW (Cayman) Therapeutics Co. Ltd (Stock code: 2126), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 6, 2017, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Shanghai Ju Ming and its subsidiaries Shanghai Ming Ju and Suzhou Ming Ju Biotechnology Co., Ltd. (蘇州明聚生物科技有限公司)
"Contractual Arrangements"	a series of contractual arrangements entered into among Shanghai Ju Ming, JW Shanghai and the Registered Shareholders for control over the Consolidated Affiliated Entities, details of which are described in the section headed "Contractual Arrangements" in this report
"Director(s)"	the director(s) of the Company
"Dr. Li"	Dr. Yiping James Li, our non-executive Director
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an independent industry consultant
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time
"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Joint Global Coordinators"	Goldman Sachs (Asia) L.L.C., UBS AG Hong Kong Branch, China International Capital Corporation HongKong Securities Limited and CLSA Limited
"Joint Sponsors"	Goldman Sachs (Asia) L.L.C. and UBS Securities Hong Kong Limited
"Juno"	Juno Therapeutics, Inc., a company incorporated in Delaware, the United States on August 5, 2013 under its former name, FC Therapeutics, Inc., a wholly-owned subsidiary of Celgene which is in turn wholly-owned by BMS, and is one of our Substantial Shareholders

"JW Shanghai"	JW Therapeutics (Shanghai) Co., Ltd. (上海藥明巨諾生物科技有限公司), a limited liability company established under the laws of the PRC on February 18, 2016, and one of the Company's subsidiaries
"License and Strategic Alliance Agreement"	the license and strategic alliance agreement entered into between our Company and Juno in December 2017
"Listing"	the listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	November 3, 2020, being the date on which the Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the eighth amended and restated memorandum of association of the Company adopted by special resolution passed on June 29, 2022
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Mr. Min Liu" or "Mr. Liu"	Mr. Min Liu, our executive Director, the Chairman and the CEO
"NDA"	new drug application
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"Post-IPO Incentivization Scheme"	the Post-IPO Share Incentivization Scheme adopted by the Company on October 14, 2020
"Post-IPO Restricted Share Unit Scheme"	the Post-IPO Restricted Share Unit Scheme adopted by the Company on October 14, 2020
"Pre-IPO Incentivization Scheme"	the Pre-IPO Incentivization Scheme adopted by the Company on September 4, 2019
"Prospectus"	the prospectus of the Company dated October 22, 2020

"R&D"	research and development
"Registered Shareholders"	the registered shareholders of Shanghai Ju Ming, being Mr. Fu Xin (傅欣), our chief financial officer who resigned on December 15, 2023 and Ms. Xing Gao (高星), our non-executive Director, as at the date of this annual report
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the one-year period from January 1, 2023 to December 31, 2023
"Restricted Share Unit Scheme"	the Restricted Share Unit Scheme adopted by the Company on September 4, 2019
"Restricted Share Unit Schemes"	the Restricted Share Unit Scheme and the Post-IPO Restricted Share Unit Scheme
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"RSU(s)"	the restricted share unit(s) granted pursuant to the Restricted Share Unit Scheme
"Series A2 Preferred Shares"	the series A2 preferred shares of the Company
"Series X Preferred Shares"	the series X preferred shares of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Ju Ming"	Shanghai Ju Ming Medical Technology Co., Ltd.* (上海炬明醫療技術有限公司), a limited liability company established under the laws of the PRC on July 10, 2017 and our Consolidated Affiliated Entity
"Shanghai Ming Ju"	Shanghai Ming Ju Biotechnology Co., Ltd.* (上海明聚生物科技有限公司), a limited liability company established under the laws of the PRC on August 30, 2017 and our Consolidated Affiliated Entity
"Share(s)"	ordinary share(s) in the capital of the Company with nominal value of US$0.00001 each
"Share Incentivization Schemes"	our Pre-IPO Incentivization Scheme, Restricted Share Unit Schemes and Post-IPO Incentivization Scheme
"Shareholder(s)"	holder(s) of Share(s)
"sNDA"	supplemental new drug application

"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Syracuse Cayman"	Syracuse Biopharma (Cayman) Ltd., a limited liability company established under the laws of Cayman Islands on December 7, 2017 under its former name, Warrior Biopharma (Cayman) Ltd., and one of our Substantial Shareholders
"United States", "U.S." or "US"	the United States of America, it territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"WuXi AppTec" or "WXAT"	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司), a joint stock company with limited liability incorporated under the laws of PRC in December 2000 and whose H shares are listed on the Stock Exchange (SEHK: 2359) and A shares are listed on the Shanghai Stock Exchange (SSE: 603259)
"WXAT Shanghai"	WuXi AppTec (Shanghai) Co., Ltd. (上海藥明康德新藥開發有限公司), a company incorporated under the laws of PRC on April 2, 2002, and a directly wholly-owned subsidiary of WXAT, and directly owns WXAT HK
"%"	per cent

* *For identification purpose only*