东曜药业
TOT BIOPHARM

2024 Annual Report

東曜藥業股份有限公司

TOT BIOPHARM International Company Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 1875

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTOR
Dr. Liu, Jun *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS
Mr. Fu, Shan *(Chairperson of the Board)*
Ms. Yeh-Huang, Chun-Ying
(Vice Chairperson of the Board)
Dr. Liu, Weidong

INDEPENDENT NON-EXECUTIVE DIRECTORS[1]
Ms. Hu, Lan
Mr. Chang, Hong-Jen
Dr. Wang, De Qian

AUDIT AND CONNECTED TRANSACTIONS REVIEW COMMITTEE[1]
Ms. Hu, Lan *(Chairperson)*
Dr. Liu, Weidong
Mr. Chang, Hong-Jen

REMUNERATION COMMITTEE[1, 2]
Dr. Liu, Weidong *(Chairperson)*
Mr. Chang, Hong-Jen
Dr. Wang, De Qian

NOMINATION COMMITTEE[1]
Mr. Fu, Shan *(Chairperson)*
Ms. Hu, Lan
Dr. Wang, De Qian

STRATEGY AND ESG COMMITTEE[1]
Mr. Fu, Shan *(Chairperson)*
Dr. Liu, Jun
Ms. Yeh-Huang, Chun-Ying
Dr. Liu, Weidong
Dr. Wang, De Qian

JOINT COMPANY SECRETARIES
Mr. Chen, Yifan
Mr. Lui, Wing Yat Christopher
(Associate member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom)

AUTHORIZED REPRESENTATIVES
Dr. Liu, Jun
Mr. Lui, Wing Yat Christopher

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

REGISTERED OFFICE
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Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC
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Suzhou, PRC

COMPANY WEBSITE
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PLACE OF LISTING AND STOCK CODE
The Stock Exchange of Hong Kong Limited
1875

PRINCIPAL BANKS
Shanghai Pudong Development Bank
Bank of China
Agricultural Bank of China
Industrial and Commercial Bank of China
China Merchants Bank
Bank of Jiangsu

AUDITOR
PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor

LEGAL ADVISER
Sullivan & Cromwell (Hong Kong) LLP

INVESTORS AND MEDIA RELATIONS CONSULTANT
Hong Kong ZHIXIN Financial News Agency Limited

Notes:

(1) With effect from 12 March 2025, (a) Ms. Hu, Lan has resigned from her roles as an independent non-executive director of the Company (the "**INED**"), the chairperson of the Audit and Connected Transactions Review Committee and a member of the Nomination Committee; (b) Mr. Chang, Hong-Jen has resigned from his roles as the INED, a member of the Audit and Connected Transactions Review Committee and a member of the Remuneration Committee; (c) Dr. Wang, De Qian has resigned from his roles as the INED, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Strategy and ESG Committee; (d) Ms. Sun, Hui has been appointed as the INED, the chairperson of the Audit and Connected Transactions Review Committee and a member of the Nomination Committee; (e) Mr. Zhang, Qing has been appointed as the INED, a member of the Audit and Connected Transactions Review Committee and a member of the Remuneration Committee; and (f) Dr. Gu, Xuelin has been appointed as the INED, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Strategy and ESG Committee.

(2) With effect from 21 March 2025, (a) Mr. Zhang, Qing has been appointed as the chairperson of the Remuneration Committee; and (b) Dr. Liu, Weidong ceased to be the chairperson of the Remuneration Committee but remains as a member of the Remuneration Committee.

CEO STATEMENT

Dear Shareholders,

Greetings, everyone! On behalf of the Board, it is my privilege to present the annual results for the financial year ended 31 December 2024, as well as an overview of the Company's various business developments.

Looking back at 2024, the biopharmaceutical industry was marked by unpredictability and a host of challenges. TOT BIOPHARM has stood firm at the forefront, forging ahead with determination and achieving remarkable success. Thanks to the concerted efforts of all employees, the Company has successfully surpassed a critical milestone, with revenue for the year exceeding RMB1 billion and achieving its first full-year profitability.

In recent years, the field of antibody-drug conjugates (ADCs) has experienced rapid global development, with a sustained surge in the research and development of ADC drugs worldwide. Multinational pharmaceutical companies have significantly expanded their investments in this field, resulting in the approval and launch of several blockbuster ADC drugs and a rapidly expanding market size. Particularly in the field of tumor treatment, ADCs have become a focus of global biopharmaceutical innovation due to their precision targeting and potent killing effect. Concurrently, the domestic biopharmaceutical industry has kept pace with global trends, actively promoting the research, development, and industrialization of cutting-edge fields such as ADCs. During the year, the National Medical Products Administration of China ("NMPA") introduced the "Pilot Work Plan for Segmented Production of Biological Products" and the "Announcement on Strengthening the Supervision and Management of Drug Contract Manufacturing (Draft for Comments)," which have created unprecedented development opportunities for players in the biological drug CDMO industry. These policies have vigorously promoted the contract manufacturing of innovative drugs and urgently needed clinical drugs, actively supported the growth of high-caliber CDMO enterprises, and significantly enhanced the industry ecosystem. TOT BIOPHARM demonstrated exceptional foresight in anticipating policy shifts and responded proactively. By leveraging our deep-rooted expertise and technological leadership in biological drugs, we have further consolidated our position as a market frontrunner.

In terms of business expansion, we have consistently deepened our CDMO strategy. On one hand, we have actively intensified our business expansion efforts and strengthened cooperation with both domestic and international pharmaceutical companies. The Company has consistently supported customers in passing inspections by partnering overseas multinational pharmaceutical companies and institutions, successfully facilitating approvals and earning high acclaim. This has solidified the foundation for overseas expansion and steadily facilitated the growth of our global presence. On the other hand, we have intensified our commitment to operational excellence by continuously refining production processes, optimizing capacity utilization, and driving efficiency improvements, ensuring comprehensive fulfillment of customer requirements. Currently, the Company has been equipped with four commercial production lines from international leading brands, ensuring high-standard production for the projects of our customers and enhancing production scheduling flexibility. Through refined internal management and continuous improvement, we have deeply tapped into production capacity potential and flexibly arranged production schedules to accelerate project progress of our customers.

Technological innovation has consistently been the core engine driving TOT BIOPHARM's robust growth. During the year, the Company continued to increase its investment in research and development, with a precise focus on key areas such as antibodies and ADCs, aiming to build and enhance differentiated competitiveness and continuously refine its technology platform architecture. BDKcell™, the newly launched cell line development platform, delivers innovative bioprocessing solutions to our partners. Designed to cultivate high-yield, high-quality, and stable cell lines for biomolecule process development and GMP production, the platform achieves expression levels of up to 12g/L. It has already supported the development of multiple antibodies, significantly improving overall process efficiency and marking a new milestone in the Company's CMC capabilities. DisacLink™, the site-specific conjugation technology platform optimized by us in cooperation with GlycanLink (糖嶺生物), has garnered significant attention from both domestic and international customers, significantly accelerating the development and commercialization of innovative drug conjugates. Furthermore, the Company has actively engaged in multiple strategic cooperation, injecting strong momentum into customers' projects. Through close cooperation with strategic partners such as Beijing Sipuruige Bio (北京斯普瑞格生物), and ChemPion (北京樺冠生物), we have jointly established a biopharmaceutical research and development service platform to synergistically advance ADC drug development and CDMO services, providing clients with diverse and flexible solutions. Leveraging our outstanding advantages in technological innovation, the Company has earned the trust and recognition of a broader customer base, with a notable increase in new CDMO projects. Both the revenue from and the number of ADC projects steadily increased as a percentage of all projects in process, and several pre-BLA projects were progressing in an orderly manner, injecting robust momentum for the sustained and stable growth of the Company.

Quality orientation has always been a core principle for TOT BIOPHARM, and the pursuit of continuous improvement remains an ongoing journey. A robust quality system is not only the core pillar of our operations but also the key to maintaining our leading position in the industry. We have consistently invested in building hardware facilities and fostering quality awareness among our team. Building and maintaining an effective pharmaceutical quality management system that complies with the standards of the NMPA in China, those of FDA in the US and those of GMP in the EU is a core strategic goal of the Company. Recently, TOT BIOPHARM has successfully obtained the Accreditation of Foreign Manufacturers by the Pharmaceuticals and Medical Devices Agency (PMDA) in Japan, which fully demonstrates that our production lines and quality system fully comply with Japanese pharmaceutical quality and safety standards. It has laid a solid foundation for TOT BIOPHARM to enter the Japanese market and deliver high-quality CDMO services. At the same time, the Company has successfully met the stringent audit requirements of numerous customers and regulatory authorities, including projects involving filings in the United States, Europe, and China. Moving forward, TOT BIOPHARM will continue to leverage our skilled R&D and production team, as well as our high-standard production quality management system, to deepen our global strategic layout, enhance our competitiveness in the international market, and fully meet the diverse needs of our global customers.

Looking ahead to 2025, we are confident, focused, and guided by clear objectives. The Company will remain steadfast in its strategic focus on biological drug CDMO services, closely monitor policy developments and seize emerging industry opportunities. In terms of business expansion, we will continue to deepen our presence in overseas markets, strengthen cooperation with leading global pharmaceutical companies, and enhance our international operational capabilities and market share. Committed to excellence, we will optimize service quality and production efficiency to deliver higher-quality and more efficient one-stop biopharmaceutical CDMO services to our customers. In terms of technological innovation, we will continue to ramp up investment, actively explore cutting-edge technologies, and strengthen collaborative partnerships with research institutions. By fostering deeper integration of industry, academia, and research, we aim to continuously enhance our technological innovation capabilities and solidify our core competitiveness. In terms of team building, we will continue to attract and nurture top-tier talent, fostering a more professional, efficient, and innovative workforce.

Meanwhile, the Company will actively fulfill its social responsibilities by closely addressing patient needs and relentlessly striving to deliver more high-quality drugs. Through these efforts, TOT BIOPHARM aims to leverage its expertise and strength to contribute to the advancement of the biopharmaceutical industry.

Thank you all!

Dr. Liu, Jun
Chief Executive Officer and Executive Director

11 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS OF CERTAIN FINANCIAL ITEMS

FINANCIAL SUMMARY

HKFRSs Results

The following table sets forth the net profit/(loss) and total comprehensive income/(loss) for the periods indicated:

	For the year ended 31 December		
Item	**2024 RMB'000**	2023 RMB'000	**Increase/ Decrease**
Revenue	**1,098,329**	780,629	41%
Cost of revenue	**(315,897)**	(206,643)	53%
Research and development expenses	**(79,313)**	(103,890)	–24%
Selling expenses	**(606,711)**	(441,019)	38%
General and administrative expenses	**(81,375)**	(68,310)	19%
Net impairment gains/(losses) on financial and contract assets	**8,005**	(11,481)	–170%
Other income – net	**18,216**	17,654	3%
Operating profit/(loss)	**41,254**	(33,060)	–225%
Finance income	**3,383**	2,974	14%
Finance costs	**(9,880)**	(5,175)	91%
Finance costs – net	**(6,497)**	(2,201)	195%
Share of net loss of the joint venture accounted for using the equity method	**–**	(2,495)	–100%
Profit/(Loss) before income tax	**34,757**	(37,756)	–192%
Income tax expense	**–**	(1)	–100%
Profit/(Loss) for the year	**34,757**	(37,757)	–192%
Other comprehensive income for the year, net of tax	**2,199**	1,737	27%
Total comprehensive income/(loss) for the year	**36,956**	(36,020)	–203%

Non-HKFRSs Measures and Their Adjustments

To supplement the Group's consolidated financial statements which are presented in accordance with the HKFRSs, the Group uses EBITDA, adjusted net loss and adjusted EBITDA for the year and other adjusted figures as additional ways to measure our financial performance. This is not a presentation required by the HKFRSs or in accordance with the HKFRSs. The Group believes that these adjusted measures provide useful information to the shareholders and potential investors in understanding and evaluating the Group's consolidated operating results in the same manner as the Group's management does.

The adjusted net profit/loss for the year refers to the net profit/loss for the year, excluding the effect of non-cash and one-off items including share-based compensation expenses, one-off asset impairment, one-off reversal of asset impairment and tax filing difference. The adjusted net profit/loss for the year is not defined in the HKFRSs.

The adjusted EBITDA for the year refers to the EBITDA for the year (which is net profit/loss for the year excluding income tax, interest expenses and depreciation and amortization expenses for the year), excluding the effect of one-off asset impairment, one-off reversal of asset impairment and share-based compensation expenses, which is a non-cash and one-off item. The adjusted EBITDA for the year is not defined in the HKFRSs.

The use of these non-HKFRSs measures have limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's operating results or financial condition as reported under the HKFRSs.

The adjusted figures presented by the Group may not be comparable to benchmarks of a similar measures presented by other companies. However, the Group believes that these non-HKFRSs measures is able to eliminate the potential impact of items that the management does not consider to be indicative of the Group's operating performance and can reflect the Group's normal operating results, thus facilitating the comparison of operating performance from period to period and from company to company to an appropriate extent.

The following table sets forth the reconciliation from net loss to EBITDA for the periods indicated:

	For the year ended 31 December	
Item	**2024 RMB'000**	2023 RMB'000
Net profit/(loss)	**34,757**	(37,757)
Add:		
Interest expenses	**9,880**	5,175
Depreciation and amortization	**65,417**	43,028
Income tax expense	**–**	1
EBITDA	**110,054**	10,447

The following table sets forth the reconciliation between net loss to adjusted net loss and EBITDA to adjusted EBITDA for the periods indicated:

	For the year ended 31 December	
Item	**2024 RMB'000**	2023 RMB'000
Net profit/(loss)	**34,757**	(37,757)
Add:		
Share-based compensation expenses	**6,013**	10,643
One-off (reversal)/loss on asset impairment due to strategic adjustments	**(9,333)**	18,951
Income tax expense	**–**	1
Adjusted net profit/(loss)	**31,437**	(8,162)
EBITDA	**110,054**	10,447
Add:		
Share-based compensation expenses	**6,013**	10,643
One-off (reversal)/loss on asset impairment due to strategic adjustments	**(9,333)**	18,951
Adjusted EBITDA	**106,734**	40,041

The adjusted net profit for 2024 was RMB31,437 thousand, while the adjusted net loss for 2023 was RMB8,162 thousand. The adjusted EBITDA for 2024 was RMB106,734 thousand, while the adjusted EBITDA for 2023 was RMB40,041 thousand. Such changes were primarily attributable to the improvement of the Group's revenue-generating capacity and profitability associated with the continued strong progress of commercialization of self-developed products and the rapid expansion of CDMO business sector.

Overview

In 2024, the Group recorded an operating revenue of RMB1,098,329 thousand, representing an increase of RMB317,700 thousand, or 41%, from RMB780,629 thousand in 2023. In 2024, the net profit of the Group was RMB34,757 thousand, as compared to a net loss of RMB37,757 thousand in 2023, turning into profit from loss. In 2024, the Group's research and development expenses were RMB79,313 thousand, as compared to RMB103,890 thousand in 2023. In 2024, the Group's general and administrative expenses were RMB81,375 thousand, as compared to RMB68,310 thousand in 2023. In 2024, the Group's selling expenses were RMB606,711 thousand, as compared to RMB441,019 thousand in 2023.

Operating Revenue and Costs

The Group's diversified revenue is mainly derived from sales revenue, revenue for providing CDMO/CMO services, etc.

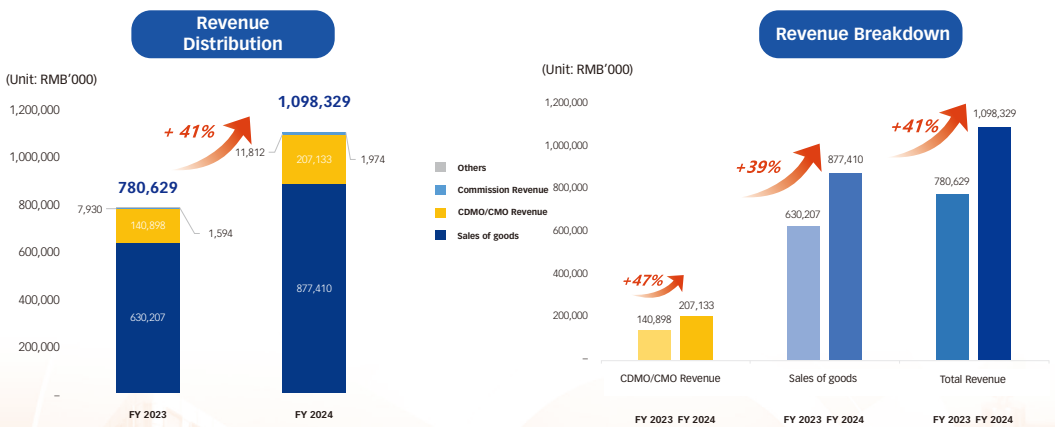
In 2024, the Group's revenue from product sales was RMB877,410 thousand, representing an increase of RMB247,203 thousand from RMB630,207 thousand in 2023, which was mainly due to the steady increase in the sales volume of our core product, Pusintin®, while the corresponding costs also increased accordingly.

In 2024, the Group's revenue from CDMO/CMO business was RMB207,133 thousand, representing an increase of RMB66,235 thousand from RMB140,898 thousand in 2023, primarily attributable to the continuous expansion of CDMO/CMO business segment, while the costs for raw materials, labor and production, etc. also increased accordingly.

Research and Development Expenses

During the reporting period, the Group's research and development expenses primarily consist of expenses related to the enhancement of the Group's CDMO technology platform and the continuous optimization of products.

The Group's research and development expenses in 2024 were RMB79,313 thousand, representing a decrease of RMB24,577 thousand from RMB103,890 thousand in 2023, which was mainly attributable to the streamlining of product pipelines and the further allocation of research and development resources to ADC CDMO process development and technological innovation.



The following table sets forth a breakdown of the Group's research and development expenses by nature for the periods indicated:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Employee benefit expenses	**43,971**	42,474
R&D materials and consumables	**11,656**	5,570
Depreciation and amortization	**11,399**	21,977
Utilities	**2,244**	1,204
Other third-party research contracting costs	**4,928**	2,218
Others	**5,115**	30,447
Total	**79,313**	103,890

Selling Expenses

The Group's selling expenses primarily consist of expenses for marketing and promotion activities, salaries and benefits for business development and marketing staff, conference fees, and travelling expenses, etc.

The Group's selling expenses in 2024 were RMB606,711 thousand, representing an increase of RMB165,692 thousand from RMB441,019 thousand in 2023, which was mainly attributable to higher personnel and operational costs associated with market expansion activities, as well as increased marketing and promotion expenses in line with the increase in sales of self-developed products.

General and Administrative Expenses

The Group's general and administrative expenses primarily consist of salaries and benefits for management and administrative staff, legal advisory fees, and expenses for professional services related to audit and tax, etc.

The Group's general and administrative expenses in 2024 were RMB81,375 thousand, representing an increase of RMB13,065 thousand from RMB68,310 thousand in 2023, which was mainly attributable to the expansion of the Company's scale and the enhancement of its management system.

Net Impairment on Financial and Contract Assets

The Group's net impairment gains/(losses) on financial and contract assets mainly include provision and reversal for trade and other receivables, contract assets, other current and non-current assets, etc.

The Group's impairment gains on financial and contract assets in 2024 was RMB8,005 thousand, as compared to impairment losses on financial and contract assets of RMB11,481 thousand in 2023, which was mainly attributable to the recovery of amounts from previous years, which led to the reversal of impairment losses provided.

Other Income – Net

The Group's net other income and losses in 2024 was RMB18,216 thousand, representing an increase of RMB562 thousand from RMB17,654 thousand in 2023, which was mainly attributable to government grants and the impact of fluctuations in foreign currency.

Finance Income

The Group's finance income is primarily interest income on bank deposits.

The finance income in 2024 was RMB3,383 thousand, representing an increase of RMB409 thousand from RMB2,974 thousand in 2023.

Finance Costs

The Group's finance costs are primarily interest expenses on bank borrowings for satisfying operational needs and capital expenditures for capacity enhancement, etc.

The Group's finance costs in 2024 were RMB9,880 thousand, representing an increase of RMB4,705 thousand from RMB5,175 thousand in 2023, mainly due to the increase in loans following the milestone payments made in construction projects.

Income Tax Expense

No income tax expense was incurred in 2024, and the Group's income tax expense in 2023 was RMB1 thousand.

Profit for the Year

In light of the above factors, the net profit in 2024 was RMB34,757 thousand, as compared to a net loss of RMB37,757 thousand in 2023, turning into profit from loss.

Net Assets

The Group's net assets as of 31 December 2024 were RMB729,655 thousand, representing an increase of RMB42,969 thousand from RMB686,686 thousand as of the end of 2023, which was mainly attributable to the profit during the current period.

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Total current assets	**743,277**	693,175
Total non-current assets	**765,495**	732,926
Total assets	**1,508,772**	1,426,101
Total current liabilities	**415,363**	382,486
Total non-current liabilities	**363,754**	356,929
Total liabilities	**779,117**	739,415
Net assets	**729,655**	686,686

Cash Movement and Source of Funds

As at 31 December 2024, the Group's cash and cash equivalents were RMB381,256 thousand, representing an increase of RMB29,656 thousand from RMB351,600 thousand as at the end of 2023. Such change was mainly attributable to the following reasons:

In 2024, the Group's net cash inflows for operating activities were RMB116,403 thousand, representing an increase of RMB59,972 thousand from RMB56,431 thousand in 2023, which was mainly attributable to the changes in the above-mentioned operating expenses, and the increase in accounts receivable and contract assets related to the progress of customer projects due to the growth of CDMO business. The Group's net cash outflows for investing activities for the current year were RMB122,505 thousand, representing a decrease of RMB41,600 thousand from RMB164,105 thousand as at the end of 2023, which was mainly attributable to the nearing completion of projects such as the construction of the Global Research and Development Service Center. The Group's net cash inflows for financing activities were RMB34,183 thousand, representing a decrease of RMB4,042 thousand from RMB38,225 thousand as at the end of 2023, which was mainly attributable to the reasonable allocation of internal funds and bank loans in response to the progress of construction projects, which was a result of the optimization of capital structure.

Indebtedness and Key Liquidity Ratio

As at 31 December 2024, the Group had outstanding bank borrowings that amounted to RMB394,013 thousand (31 December 2023: RMB344,285 thousand) and had unutilised bank facilities of RMB299,050 thousand (31 December 2023: RMB265,715 thousand). For further details, please refer to note 28 to the consolidated financial statements. The following table sets forth the key liquidity ratios for the dates indicated:

	For the year ended 31 December	
	2024	2023
Current ratio[(1)]	**1.8**	1.8
Quick ratio[(2)]	**1.5**	1.5
Debt to asset ratio[(3)]	**0.5**	0.5

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities as at the same date.

(2) Quick ratio is calculated by dividing current assets less inventories and by current liabilities as at the same date.

(3) Debt to asset ratio is calculated by dividing total liabilities by total assets as at the same date.

The Group's current ratio, quick ratio, and debt to asset ratio remained stable in 2024 compared to 2023.

Material Investment

On 9 November 2021, the Group commenced the construction of its Global Research and Development Service Center. The proposed total investment for the project is approximately RMB180 million. On 31 December 2021, BioDlink Biopharm Co., Ltd. (a wholly-owned subsidiary of the Company) entered into a construction agreement with Shanghai Baoye Group Corp., Ltd. (上海寶冶集團有限公司), under which the total contract sum payable to Shanghai Baoye Group Corp., Ltd. is RMB83,500 thousand. Further details are set out in the announcement of the Company dated 31 December 2021. During the year ended 31 December 2024, the Group incurred expenditure of RMB8,350 thousand in connection with the construction agreement entered into with Shanghai Baoye Group Corp., Ltd., and expenditure of RMB43,489 thousand in total in connection with the construction of the Global Research and Development Service Center.

In 2021, the Group commenced the project of upgrading its ADC commercial production workshops and the project of renovating and upgrading its pilot production workshops for the purpose of increasing its production capacity as well as enhancing its production efficiency. A total of RMB14,821 thousand was incurred by the Group during the year ended 31 December 2024 in connection with such projects.

Save as disclosed above, the Group did not make any material investment during the year ended 31 December 2024.

Material Acquisitions and Disposals

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

Pledge of Assets

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

Contingent Liabilities

As at 31 December 2024, the Group had no significant contingent liabilities.

Foreign Exchange Risk

Certain bank balances and cash, trade receivables and other receivables, contract assets and other payables are denominated in foreign currencies of respective group entities which are exposed to foreign exchange risk. Foreign exchange risk also arises from future commercial transactions and recognized assets and liabilities denominated in a currency other than the functional currency of the relevant group entity. The Group has entities operating in USD, NTD and RMB, and the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future when necessary.

Employees and Remuneration

As at 31 December 2024, the Group had a total of 611 employees. The following table sets forth the total number of employees by function as of 31 December 2024:

Function	Number of employees	% in total
Research and development	154	25.20%
Sales and marketing	29	4.75%
General and administration	68	11.13%
Manufacturing	360	58.92%
Total	**611**	100.00%

In 2024, the Group incurred employee benefit expenses of RMB205,032 thousand, as compared to RMB174,463 thousand in 2023. The employee benefit expenses of the Group include salaries, wages, bonuses, contributions to employee provident fund and social security funds, payments for other benefits and share-based compensation expenses, etc. In accordance with applicable PRC laws, the Group has made contributions to social security insurance funds, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing provident funds for its employees. In accordance with applicable Taiwan laws, the Group has made contributions to social security insurance funds.

For the year ended 31 December 2024, the remuneration of the senior management of the Company other than Directors (as named in the section headed "Biographies of directors and senior management" in the Company's 2023 annual report and/or this annual report, to the extent such personnel were under employment with the Group at any time during the year ended 31 December 2024) included salaries, wages, bonuses, and share-based compensation expenses, and fell within the following bands:

Remuneration band	Number of senior management members
RMB0 to RMB500,000	–
RMB500,001 to RMB1,000,000	–
RMB1,000,001 to RMB1,500,000	3
RMB1,500,001 to RMB2,000,000	3
RMB2,000,001 to RMB2,500,000	2
RMB2,500,001 to RMB3,000,000	1

MANAGEMENT DISCUSSION AND ANALYSIS OF CERTAIN ASPECTS OF OUR BUSINESS

I. INDUSTRY OVERVIEW

In 2024, the policies governing the biopharmaceutical macromolecule CDMO industry showed a positive trend, creating favorable conditions for the development of enterprises. On 24 January, the NMPA released the "Announcement on Optimizing the Drug Marketing Registration Applications for Overseas-Produced Drugs Launched and Planned to be Produced in China (Draft for Comments)". This initiative significantly benefits China-based CDMO enterprises with high-quality production capabilities, enabling them to integrate into the global supply chain. The policy continues to guide, optimize, and support the transfer of drug production from foreign countries to China, indicating that China-based CDMO enterprises meeting international standards are well-positioned to meet the supply demands of global pharmaceutical companies. The cooperation between overseas customers and leading China-based CDMO enterprises is expected to accelerate, allowing China-based CDMO companies to undertake a larger share of global commercial drug production projects.

This policy development represents a significant growth opportunity for companies like TOT BIOPHARM, which are dedicated to becoming professional CDMO partners in the field of global drug development. It provides policy-level support and assurance for TOT BIOPHARM to further expand its presence in overseas markets and deepen cooperation with international leading pharmaceutical companies.

II PERFORMANCE SUMMARY

TOT BIOPHARM's impressive performance in 2024 was supported by two major business segments: CDMO services and sales of self-developed products. In terms of CDMO business, the Company possesses whole process expertise spanning research and development, process engineering, clinical trials, registration filings, and commercial production. It has established comprehensive technology platforms for antibodies, proteins, ADCs, and XDCs. In terms of production, TOT BIOPHARM operates multiple state-of-the-art biological drug commercial production lines that integrate the production of antibodies, ADC drug substances (including non-toxic conjugation), and drug products. With antibody production capacity exceeding the ten-thousand-liter scale and continuous production and supply of commercial products, the Company leads in domestic production capabilities. In terms of quality system, TOT BIOPHARM's quality management system complies with project application requirements in China, the United States, and Europe. It has successfully passed production site inspections for national drug registration and GMP quality management system audits, backed by extensive experience in product registration and inspection. The Company has delivered over 100 antibody, protein, ADC, and XDC projects, providing process development, clinical application, and production services for customers in China, the United States, and Europe. Furthermore, the Company has implemented large-scale purification and single-use ultrafiltration technologies capable of handling kilogram-scale protein

production. These innovations significantly mitigate cross-contamination risks and enhance microbial control, ensuring the efficient, stable, and reliable execution of customers' projects, as well as their safe delivery. Such differentiated competitiveness will position TOT BIOPHARM as a standout player in the global market. Besides, in terms of sales of self-developed products, the Company's core product, Pusintin® (Bevacizumab injection), has garnered a strong reputation and continued to penetrate the domestic market, steadily increasing its market share. This success lays a solid foundation for the Company's sustainable development. In terms of business expansion in overseas markets, steady progress is being made. Pusintin® is expected to be approved and commercially launched in the first foreign country by 2025, injecting new momentum for the long-term growth of the Company.

As of 31 December 2024:

- The Company's performance exceeded expectations, with revenue for the year exceeding RMB1 billion, reaching RMB1,098,329 thousand, representing a year-on-year increase of 41%.

- Revenue from sales of products was RMB877,410 thousand, representing a year-on-year increase of 39%, which was mainly attributable to the steady increase in sales volume of Pusintin® (Bevacizumab injection), our core product. Revenue from CDMO/CMO business amounted to RMB207,133 thousand, representing a year-on-year increase of 47%. With continuously enhanced cash-generating capabilities, the net cash from operating activities has been positive for three consecutive years, reaching RMB116,403 thousand in 2024.

- The Group achieved remarkable results in its CDMO strategic transformation. Its sales of self-developed products also increased steadily. The Group's financial performance has turned from a loss to a profit, with a net profit reaching RMB34,757 thousand for the year.

- The CDMO business has demonstrated strong growth potential, with a notable funnel effect:

  - Leveraging cutting-edge technology platforms, the Company has enhanced front-end promotion, resulting in a significant increase in early-stage projects. During the year, the Company secured 58 new projects, 48 of which were ADC projects, reaching a total of 153 projects.

  - During the year, the Company successfully secured two pre-BLA projects, bringing the total number to eight, fully demonstrating the Company's outstanding capability in late-stage CDMO commercialization projects and further strengthening its potential for future revenue expectations.

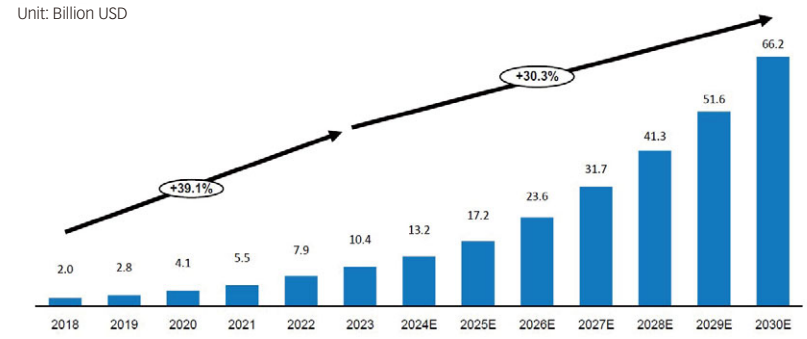
  - The Group's service backlog on hand amounted to RMB191 million, representing a year-on-year increase of 39%.

III. ANTIBODY-DRUG CONJUGATES (ADC) ARE ENJOYING A GOLDEN PERIOD OF RAPID DEVELOPMENT

1. Prospects for Drug Conjugates is Promising

The Company achieved remarkable success in the field of bioconjugates drugs in 2024. Global industry enthusiasm continued to surge, marked by the successive approval and launch of new drugs, steady progress in cooperative transactions, and a growing number of ADC molecules in clinical trials demonstrating therapeutic potential. The remarkable performance of ADCs globally underscores the flourishing innovation within this field. Since the launch of the first ADC drug in 2000, a total of 17 ADC products have been approved for launch worldwide, targeting various hematologic cancers and solid tumors, demonstrating significant market potential and attracting numerous innovative pharmaceutical companies. In 2023, the top five ADC drugs by global sales each surpassed USD1 billion, driving explosive growth in the ADC drug market. According to the statistics of Frost & Sullivan, the global market size of ADC drugs increased from USD2.0 billion in 2018 to USD10.4 billion in 2023, representing a CAGR of 39.1%. From 2023 to 2030, the global market size of ADC drugs is expected to maintain the growth momentum with a CAGR of 30.3%, reaching USD66.2 billion by 2030.

Figures: Global ADC Market Size and Prediction, 2018-2030E

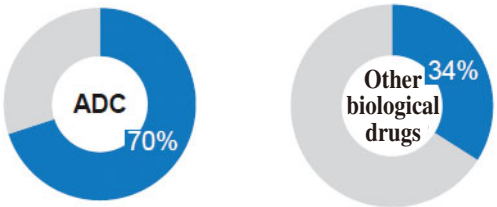


Source: Analysis by Frost & Sullivan

2. ADC CDMO Facilitated the Acceleration of ADC Drug Development

The production and preparation processes for ADC drugs are highly complex, posing unique challenges in manufacturing, quality control, non-clinical research, and clinical research. Such complexity has driven significant outsourcing demand for production and research and development. Currently, the outsourcing rate for ADC production is notably higher than that for other biological drugs. Leveraging economies of scale and expertise, pharmaceutical companies and CDMO companies can cooperate with each other to optimize the production of ADC drugs. The rapid growth of the ADC CDMO market has prompted CDMO companies to actively expand their ADC production capacities, further driving the growth of the ADC drug market. However, validated research and development and industrialization platforms with commercial production experience that integrate antibodies, ADC drug substances and ADC drug products are still very scarce. All these factors have offered good opportunities and prospects for the development of the Company's ADC CDMO business.

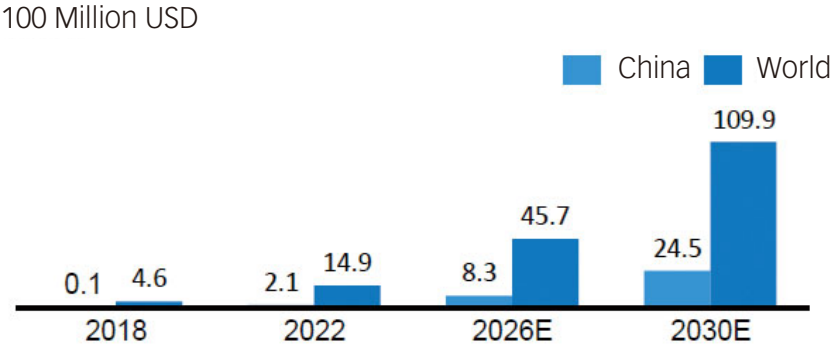
Diagram: Global Production Outsourcing Penetration Rate[1] for ADCs and Biological Drugs in 2022



Note 1: Outsourcing penetration rate refers to the actual outsourcing market size divided by the theoretical outsourceable market size for relevant companies.

Source: Analysis by Frost & Sullivan

Diagram: Global and China's Market Size of ADC CDMO Between 2018 and 2030E



Source: Analysis by Frost & Sullivan

IV. DEVELOPMENT AND COMPETITIVE ADVANTAGES OF CDMO BUSINESS OF TOT BIOPHARM

1. Highlights of CDMO Performance for the Year

TOT BIOPHARM, leveraging its unparalleled experience in online commercial production and its advanced integrated industrial platform, has accumulated experience in executing over 100 ADC to XDC projects that meet international standards. This underscores the Company's exceptional comprehensive service capabilities.

As of 31 December 2024:

- During the year, revenue from CDMO/CMO was RMB207,133 thousand, representing a year-on-year increase of 47%, of which revenue from ADC projects (including antibody production) accounted for 86%.
- Leveraging cutting-edge technology platforms, the Company has enhanced front-end promotion. During the year, the Company secured 58 new projects, 48 of which were ADC projects.
- The Company has a total of 8 pre-BLA projects, 2 of which were newly added in the year.
- The volume of clinical-stage orders associated with our overseas operations has shown sustained growth. We have assisted our customers in successfully passing inspections by overseas partnering multinational pharmaceutical companies and securing licensing agreements on multiple occasions.
- Due to the high quality of project delivery results, the Company has seen a continuous increase in the number of audits. Among them, multinational pharmaceutical companies have all given positive feedback during their visits, highly recognizing the Company's quality system. Positive customer and regulatory audit results have validated the Company's capabilities in providing services from clinical stage to commercial production stage.

2. The Company's Differentiated Competitiveness in CDMO

– *2.1 "One-base, end-to-end" industrialization platform with commercial production experience*

TOT BIOPHARM, with the establishment of a "one-stop, one-base, end-to-end" antibody, protein and ADC service platform, has become one of the leading CDMO service companies internationally that can offer one-stop service from development to commercialization of antibody and drug conjugates. Its services covered the whole life cycle of drug development, including antibody process, conjugation process, drug product process development, analytical method development and validation, as well as pilot production for research and development, and commercial-scale production. The Company has established a quality management system that conforms to commercial production, and has supported the commercial production of several launched products.

TOT BIOPHARM's headquarters and integrated commercial production workshops are located in Suzhou Industrial Park. With a favourable geographical location, an established supply chain, a stable customer base, and a robust talent pool, the Company is equipped to support the whole process of biological drugs and ADC drugs from early development to commercial production, while ensuring a stable supply.

– *2.2 Quality management system complying with GMP standards in China, the United States and Europe*

TOT BIOPHARM steadfastly adheres to the quality policy of "Quality-oriented, continuous improvement and providing customers with high-quality products and services." The Company has established a quality management system based on ICH Q10 and six major systems of FDA, adhering to the principle of ALOCA+ on data integrity to meet the requirements in relation to project application and commercial production in China/the United States/the EU. Such increasingly robust quality management system, compliant with China's GMP requirements for commercial production, serves as the cornerstone of TOT BIOPHARM's quality assurance. The system has undergone and successfully passed multiple GMP audits. It is the Company's core strategic goal to continuously maintain an effective pharmaceutical quality management system that complies with the standards of the NMPA in China, those of FDA in the United States and those of GMP in the EU. Widely recognized by the industry at home and abroad, the Company's high-standard quality management system and high-satisfaction project delivery have passed many production site inspections by relevant drug regulatory authorities and GMP compliance inspections in many countries, as well as several GMP inspections by customers and third-party consulting agencies. In 2024 alone, the Company received 38 GMP audits in total, including 7 official GMP audits (3 by foreign authorities and 4 by domestic authorities) and 2 EU QP audits (one of which was passed with zero defects). The Company also obtained GMP certificates from countries such as Colombia, Egypt and Indonesia. Additionally, the Company obtained the Accreditation of Foreign Manufacturers by the PMDA in Japan, signifying that TOT BIOPHARM's production lines and quality system comply with Japanese pharmaceutical quality and safety standards, providing strong support for its expansion into the Japanese market and its ability to deliver high-quality CDMO services.

Furthermore, the Company assisted its customers in completing inspections by their overseas partnering multinational pharmaceutical companies and other institutions on multiple occasions, and successfully collaborated with its customers in completing the licensing with high recognition. In addition, the Company attaches great importance to data integrity to protect the rights and interests of customers and partners, and has invested heavily in its quality system, especially in the implementation of information systems, including the Document Management System (DMS), Enterprise Resource Planning (ERP), Environmental Monitoring System (EMS), VAISALA System, Laboratory Information Management System (LIMS), Electronic Lab Notebook (ELN) and others, which have greatly reduced the risk of data integrity and improved the overall compliance status of the Company. At the same time, the Company has placed a high priority on continuous investment in quality system, including talent recruitment and employee training in quality system. The Company has recruited several key personnel with global perspectives, including the chief technology officer, chief operating officer and vice president of quality. All of them possess extensive experience in working for multinational companies.

These key personnel have brought global perspectives to the CDMO business of TOT BIOPHARM and have become advocates for the compliance of the quality system. Meanwhile, the Company has always emphasized the importance of employee training, which includes quality leadership training, compliance awareness training, and training on specific operation of quality system such as inspections (deviations, audit findings, etc.), data integrity, and process validation. Employee training in quality system has enhanced employees' awareness of GMP compliance. They have integrated compliance behaviors into daily business operations. As a result, the Company is able to achieve the mission of benefiting patients around the world with higher quality biological drugs.

– *2.3 Technology platform with continuous iteration*

TOT BIOPHARM continued to build the most competitive ADC CDMO technology platform.

In July 2023, the Company entered into in-depth strategic cooperation with GlycanLink (糖嶺生物) to jointly develop an ADC site-specific conjugation technology platform – GL-DisacLink™, with an aim to accelerate the development and commercialization of customers' innovative drug conjugates. In terms of CDMO service, TOT BIOPHARM can apply the technology of such platform to drug conjugate related services and further promote the process optimization and commercial amplification of the technology with GlycanLink (糖嶺生物). Owing to its simplicity, efficiency, and broad applicability, this technology has successfully captured significant attention from customers, serving as a powerful driver for promoting front-end projects. TOT BIOPHARM's XDC early-stage research service includes not only the pilot production of samples using conventional conjugation technology, but also the pilot production of sample conjugates using GL-DisacLink® technology. By extending the service from ADC process development to front-end and early vertical integration with the CMC stage, TOT BIOPHARM can provide customers with a more efficient and more certain development process.

In 2024, TOT BIOPHARM took solid strides in technological innovation and partnership expansion, forging in-depth cooperation with Beijing Sipuruige Bio (北京斯普瑞格生物) and ChemPion (北京樺冠生物). These partnerships introduced the "OS One-Step Conjugation" and HydroTrio technologies, respectively. The "OS One-Step Conjugation" site-specific conjugation technology can effectively enhance research and development efficiency in the development of drug conjugates (ADC/Bioconjugates). By constructing ADC model molecules modified with the "OS One-Step Conjugation" technology, TOT BIOPHARM can comprehensively evaluate their performance across pharmacology, process development, in vitro biological activity, and other parameters. Furthermore, the Company can optimize processes in terms of conjugation efficiency and substrate utilization, as well as scale up processes at the pilot level, thereby enhancing robustness and cost-effectiveness for industrial applications. This capability provides customers with a broader range of technical options for the development of drug conjugates, addressing the growing demand for customized solutions.

The introduction of HydroTrio technology enables the development of drug conjugates with high DAR (Drug-to-Antibody Ratio) values and high homogeneity, which is crucial for enhancing clinical efficacy and market competitiveness of drugs, addressing specific needs in drug development.

Moving forward, TOT BIOPHARM will continue to cooperate with leading industry partners to drive continuous progress and technological innovation in the biopharmaceutical field.

– *2.4 Flexible and diverse production capacity*

Currently, the Company has four complete commercial production lines (two for antibodies, two for ADC) from international leading brands, including five workshops (including non-toxic coupling workshops) for drug substances and four workshops for drug products. Specifically, the Company has an annual production capacity for 300,000L of drug substances and 30 million vials of drug products for antibodies. The Company has an annual production capacity for 960kg of drug substances and over 5.3 million vials of drug products for ADC. Following the capacity expansion milestones achieved in 2023, the Company has further built up a talent pipeline of experienced CDMO professionals to provide strong support for its projects. The Company has completed the production of drug substances and drug products for ADC projects of dozens of customers. Under the premise of ensuring product quality, the Company has further improved the production capacity and optimized the production technology, with all projects delivered on time. This has earned the Company high recognition from its customers and continuously strengthened its customer relationships. Following the completion and operation of its second high-end commercial production line for ADC drug products, the Company has successfully completed dozens of batches of projects, including several pre-BLA projects. The Company has a leading ranking among biological drug CDMO industry players in China, and is also a one-stop ADC CDMO provider in China with leading production capacity.

– *2.5 Further strengthened capabilities of CDMO team*

In 2024, TOT BIOPHARM made significant strides and achieved remarkable progress in team building, contributing to the steady growth of its business. With a team of research and development and industrialization talents with international expertise and rich experience, the Company is committed to building an open and inclusive talent development platform. The Company has a mature and stable core CDMO team, consisting of talents with extensive industry experience in fields such as biopharmaceutical process development, commercial production, quality, and regulatory filing. The core members of the senior management team of the Company, with an average of over 15 years of extensive work and management experience in well-known multinational companies, are familiar with the pharmaceutical laws and regulations of Europe, the United States and China, as well as emerging countries. As of 31 December 2024, 75% of the CDMO team

members had a bachelor's degree or higher, reflecting the Company's progress in upgrading the team's educational level to meet the rapid growth of CDMO business. In line with the enhanced capabilities of its core business, the number of ADC CDMO team members increased by 17% year-on-year, with 85% of the members holding master's or doctoral degrees. This ensures the high-quality implementation of projects and highlights the Company's significant achievements in attracting and cultivating high-end research and development talents. The Company places a strong emphasis on talent development and the enhancement of team expertise. Through a combination of internal training, external advanced studies, and project practice, the Company has built a high-quality professional team. In 2024, the CDMO team successfully navigated the complexities of multiple challenging projects, delivering exceptional services to clients and earning their high acclaim.

– *2.6 Corporate reputation*

Leveraging its advantageous background in research and development of new drugs for over ten years, TOT BIOPHARM is equipped with the practical experience in the whole process from drug research and development, marketing filing to commercial production, and has successfully established its biopharmaceutical CDMO business, gaining trust and recognition from industry partners. In 2024, the Company undertook multiple ADC and XDC projects, once again demonstrating its exceptional comprehensive service capabilities and extensive project experience. The successful delivery of the projects, along with the achievement of several late-stage clinical projects, fully demonstrated customers' recognition of TOT BIOPHARM's robust capabilities in delivering late-stage clinical and commercialization projects. This has laid a solid foundation for the medium- and long-term business development of the Company.

V. LAUNCHED PRODUCTS AND R&D PIPELINES

Overall Marketing Strategy of Products

In 2024, TOT BIOPHARM continued to focus on biopharmaceutical CDMO, and concentrate on its core business. By streamlining its pipelines, the Group's research and development expenses of new drugs continued to decrease. Actively promoting the sales of launched products has effectively improved the cash flow of the Company, marking a milestone turnaround to profitability.

In March 2022, we entered into an agreement with Zhaoke (Guangzhou) Ophthalmology Pharmaceutical Limited (兆科(廣州)眼科藥物有限公司) ("Zhaoke Guangzhou"), a wholly-owned subsidiary of Zhaoke Ophthalmology Limited (兆科眼科有限公司) ("Zhaoke Ophthalmology"), in respect of the commercial licensing of TAB014 (which is used for the treatment of wet (neovascular) age-related macular degeneration (wAMD)), pursuant to which Zhaoke Guangzhou was authorised to act as the marketing authorization holder (MAH) of TAB014 in China (including Hong Kong and Macau regions) and be responsible for the Phase III clinical trial. In January 2025, Zhaoke Ophthalmology-B (6622.HK) announced the positive top-line results from the Phase III clinical trial of TAB014. The clinical trial successfully met its primary endpoints and key secondary endpoints. According to the agreement, TOT BIOPHARM will continue to be responsible for the commercialized production of TAB014 in the future.

Type	Drug Candidate	Indication(s)	Preclinical	Clinical Phase I	Clinical Phase II	Clinical Phase III	NDA	Launched
Antibody drug conjugate	TAE020 (new target)	Acute myeloid leukemia						
Monoclonal antibody	TAB014 (anti-VEGF)	Wet age-related macular degeneration (wAMD)					ZHAOKE 兆科	
						IND authorized by FDA to directly enter Clinical Phase III		
	TAC020 (new target)	Various solid tumors	Co-development					

Drug Name	Indication(s)	Product Specification	Launched
Pusintin® (Bevacizumab Injection)	Advanced, metastatic or recurrent non-squamous non-small cell lung cancer (nsNSCLC); metastatic colorectal cancer (mCRC); recurrent glioblastoma multiforme (GBM); epithelial ovarian cancer (OC), fallopian tube cancer or primary peritoneal cancer; cervical cancer (CC);	100mg(4mL)/bottle	Approved for launch by NMPA on 30 November 2021
Tazian® (Temozolomide Capsule)	Newly diagnosed glioblastoma multiforme, initially combined with radiotherapy, and then as maintenance therapy; glioblastoma multiforme or anaplastic astrocytoma that recurs or progresses after conventional treatment	20mg x 5 capsules/bottle; 100mg x 5 capsules/bottle	Approved for launch by NMPA on 31 May 2021

Note: In response to the Company's strategic adjustment to focus on the development of ADC CDMO business, the Company decided to terminate the sales agency of Megaxia in China and completed the return of the relevant rights and interests in the first half of 2024. The related deposits and other payments have been fully recovered.

Cautionary statement required by Rule 18A.05 of the Listing Rules: The Company cannot guarantee that it will be able to successfully develop and ultimately market its drug candidates. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the securities of the Company.

Marketing Strategy of Launched Products

- *Pusintin® (Bevacizumab injection)*
  - *Indications: Metastatic colorectal cancer; advanced, metastatic or recurrent non-squamous non-small cell lung cancer; recurrent glioblastoma multiforme; epithelial ovarian cancer; fallopian tube cancer or primary peritoneal cancer; cervical cancer*

    Pusintin®, the core product of the Company in the field of anti-tumor treatment, was approved for launch in 2021. As of 31 December 2024, Pusintin® has been approved for the treatment of six indications that can be treated with the originator drug Avastin® approved in mainland China. The special mechanism of bevacizumab enables it to cover a number of cancer treatments, and the market potential for bevacizumab has continued to grow, making it a major category of biological drugs valued at over RMB10.0 billion. According to the statistics and estimates of Frost & Sullivan, the global market size of bevacizumab is expected to reach nearly RMB49.0 billion in 2030, with a CAGR of 7.6% from 2021 to 2030, and the market size of bevacizumab in China is expected to increase to RMB18.4 billion in 2030, with a CAGR of 8.3% from 2021 to 2030. Pusintin® was successfully listed on the 2022 National Reimbursement Drug List as a Class B drug, which significantly improved the affordability and drug accessibility for patients, and the market demand continued to grow. Through close cooperation with Jiangxi Jixin Pharmaceutical Co., Ltd. (江西濟鑫醫藥有限公司) ("Jixin Pharmaceutical"), the Company continued to expand the market share of Pusintin®.

    In 2024, the Company continued to implement its differentiated marketing strategies and further consolidated its market position. During the year, the sales of the drug increased by 42% year-on-year. In terms of overseas markets, we actively promoted the registration filing for the launch of the drug in overseas markets. As of 31 December 2024, we have initiated the registration applications in 34 overseas countries, and the applications have been accepted by 20 countries. We expect to obtain the first approval from an overseas country in 2025 to penetrate overseas markets.

- *Tazian® (Temozolomide capsule)*
  - *Indications: Glioblastoma and anaplastic astrocytoma*

    Tazian® was approved for launch by the NMPA on 31 May 2021 for the treatment of newly diagnosed glioblastoma or anaplastic astrocytoma. Temozolomide capsules were included in the fourth batch of national centralized procurement catalogue in 2021. In 2022, Tazian® was successfully selected for renewal in the centralized procurement of several allied provinces. As of 31 December 2024, the Company has become the supplier in the renewal of centralized procurement by Jiangsu Province, Hebei Province, Beijing, Guangdong Province and Jiangxi Province since the Company was selected as the supplier in ongoing centralized procurement.

VI. INDUSTRY-LEADING LARGE-SCALE AND FLEXIBLE PRODUCTION CAPACITY

Commercial Production Bases

TOT BIOPHARM's production base is built to a high standard, with a robust quality management system and commercialization capabilities that comply with international GMP standards. The Company currently has one of the few commercial production lines in China that can produce antibody and ADC drug substances/drug products. It is also one of the few CDMO service companies in the world with a comprehensive industry chain for antibody-drug conjugates. The production base is equipped with a number of complete upstream and downstream production lines. The total production capacity of antibody bioreactors exceeds 20,000L. The workshop for ADC drug substances is equipped with a number of 100L to 500L coupling reaction kettles, reaching a conjugation scale of 5kg/batch. In addition, the GMP-compliant commercial workshops for ADC drug products have a capacity of 6,000 to 50,000 vials/batch, equipped with state-of-the-art production equipment to meet the scale requirements of different project stages. Furthermore, the ADC workshops and filling lines are designed to meet light-shielding requirements, enabling the Company to handle a wider range of bioconjugates drug project needs.

VII. COMMUNICATION WITHIN THE INDUSTRY AND BRAND PROMOTION

In 2024, we continued to enhance our brand presence in biological drug CDMO by leading and organizing multiple industrial cooperation and exchanges. These efforts helped shape our brand image, strengthened the integration of industry resources, and precisely targeted our customer base. With outstanding delivery records and quality, the Company has been highly recognized by customers. By continuously improving service quality, technical capabilities and customer empowerment, TOT BIOPHARM has earned customers' trust and enhanced customer stickiness. TOT BIOPHARM strives to become a leading CDMO company in the fields of ADC/XDC/AXC and other broader bioconjugates drugs to enable the rapid development of the industry, and is committed to becoming a professional CDMO partner in the field of global drug development.

Marketing and branding highlights for 2024 are summarized below:

- In April 2024, TOT BIOPHARM was invited to participate in the first Future XDC New Drugs Conference (首屆未來XDC新藥大會) to pursue the future development of XDC industry together with many industry leaders. As a CDMO service company for biological drugs, especially for Ab/ADC/XDC and other drugs, TOT BIOPHARM has established a concrete service result of providing complete nuclide coupling development services for nuclide drug conjugates, and was honored as "Pioneer Enterprise in New Infrastructure for ADC/Nuclide Drugs (ADC/核藥新基建先鋒企業)" at the conference.

- In June 2024, TOT BIOPHARM and BiG (Biomedical Innovation Group) held TOT BIOPHARM – Private Board Meeting on Double Antibody & ADC (東曜一雙抗 & ADC私董會). The founders of new drug research and development, investment partners, clinical physicians and others were specifically invited to engage in a dialogue about the promising next decade for double antibody/ADC development. The event was well-attended, with lively discussions that sparked many insightful exchanges. The guests were deeply impressed by TOT BIOPHARM's corporate culture, its one-stop CDMO services capabilities, as well as its internationally standardized manufacturing facilities and equipment.

- In June 2024, the inaugural annual conference of the Chinese Biopharmaceutical Association, USA (CBA-China) was successfully held in Suzhou. As a one-stop biological drug CDMO company specializing in antibodies and ADC/XDC, TOT BIOPHARM was invited to participate and showcased its innovative achievements and service capabilities in the ADC field, contributing to the high-quality development of the biopharmaceutical industry. The CBA-China annual conference is a pivotal event for Chinese scientists in the biopharmaceutical field in the United States, playing a critical role in facilitating the recruitment of overseas talent, securing projects, and leveraging international resources. Additionally, TOT BIOPHARM was awarded the CBA-China Corporate Membership Certificate, signifying high recognition of its professional expertise and opening new opportunities for its strategic positioning as well as cooperation and expansion in the global biopharmaceutical industry.

- In September 2024, TOT BIOPHARM exhibited at BioJapan, showcasing its innovative achievements and exceptional services. It engaged in in-depth discussions with global industry leaders, exploring the latest cutting-edge technologies and industry developments, sharing the latest information and industry trends, and fostering practical and commercial cooperation in the global bioindustry field. As a premier event in Japan's biotech and pharmaceutical fields, BioJapan provided TOT BIOPHARM with a platform to enhance its brand influence in the Japanese and global markets, paving the way for strategic positioning and cooperation opportunities in Japan and the Asia-Pacific region, and further advancing its role in the international biopharmaceutical field.

- In October 2024, as a pioneer in the ADC/drug conjugates field in China, TOT BIOPHARM attended the SAPA-China 2024 Pharmaceutical Industry Conference, where TOT BIOPHARM's booth attracted numerous industry experts, customers and partners for having exchanges, highlighting its capabilities in the antibodies/ADC/drug conjugates. TOT BIOPHARM showcased cutting-edge technologies and conducted in-depth discussions with global industry participants, promoting innovation and cooperation to shape the future of the industry.

- In November 2024, GlycanLink (糖嶺生物), in collaboration with Kaisi Club (愷思俱樂部) and TOT BIOPHARM, hosted the "ADC & XDC Drug Conjugates Development and Innovation Technology Exchange Conference," exploring new ideas, technologies, and methods in the research and development of drug conjugates. This exchange conference played a positive role in promoting the GL-DisacLink® technology and further solidified the synergistic benefits of the cooperation between GlycanLink (糖嶺生物) and TOT BIOPHARM in the research and development and production of innovative drugs.

- In November 2024, TOT BIOPHARM had the privilege of attending the 15th World ADC Conference in San Diego, the United States. As a leader in the field of antibody-drug conjugates (ADCs), TOT BIOPHARM collaborated with global industry leaders to explore future innovations and advancements. Recognized as the foremost international event in the development of drug conjugates, the World ADC Conference served as a key platform for TOT BIOPHARM to demonstrate its cutting-edge research and development capabilities and global strategy. This participation not only enhanced TOT BIOPHARM's international brand presence but also strengthened its momentum in global business expansion, underscoring its critical role in advancing innovation and progress in the global ADC field.

VIII. INVESTOR RELATIONS

In 2024, TOT BIOPHARM actively participated in investor relations activities from multiple dimensions, strengthening communication with investors and enhancing its transparency and market influence. As one of the leading biological drug CDMO companies in China, TOT BIOPHARM has attracted significant attention from the capital markets, drawing the interest of numerous securities firms and investment institutions. In the future, TOT BIOPHARM will continue to prioritize effective communication with the capital markets, adhering to the principles of compliance, equality, proactiveness, and integrity. It will actively manage investor relations activities and promptly respond to the demands of the capital markets. Currently, the Company has established a multi-channel communication system to ensure that shareholders and investors can keep abreast of the Company's key business developments from various public platforms. At present, the communication platform includes general meetings, interim and annual reports, announcements, press releases, roadshows, market strategy meetings, investor and analyst presentations, as well as investor open days held by the Company from time to time.

IX. CORPORATE VISION, MISSION AND VALUES

In response to the Company's strategic transformation, we have reshaped corporate culture to promote the long-term sustainable development of the Company. Adhering to the values of people-caring, quality-oriented, professional & efficient, cooperative & win-win, innovative & passionate, we strive to improve customer satisfaction and achieve long-term cooperation, and are committed to becoming the industry-leading and most customer-trusted partner in biopharmaceuticals. We continuously strive for the vision of empowering pharmaceutical innovation to improve the quality of life and safeguard human health.

X. FUTURE PROSPECTS

Based on the remarkable results of the CDMO strategic transformation and the steady increase in sales of self-developed products, TOT BIOPHARM has achieved stable and sustainable cash-generating capabilities.

Looking ahead, our core strategy will be anchored in a global perspective and multi-dimensional deployment to holistically enhance our international competitiveness. By accelerating our expansion into overseas markets, elevating service quality, fortifying our international quality management systems, and deepening strategic cooperation with leading pharmaceutical firms in the world, we aim to further boost our international operational capabilities and global market presence. Concurrently, we will remain steadfast in addressing customer needs, developing a technology platform with distinct competitiveness, particularly by advancing our expertise in the cutting-edge field of antibody-drug conjugates, to cultivate differentiated technological strengths. We are committed to providing customers with comprehensive and diversified technical support spanning from early-stage research and development to commercial production, thereby facilitating the efficient development and industrialization of innovative drugs worldwide. In terms of service quality, with a philosophy of commitment to excellence, we will continue to optimize resource allocation to ensure a seamless alignment between resources and project requirements, thereby comprehensively enhancing our market competitiveness. By attracting and nurturing top-tier professional talent, we will build a core team with international vision and extensive experience, driving the successful execution of high-quality projects through exceptional operational efficiency and project management capabilities, ultimately delivering greater value to our customers. Furthermore, we will uphold lean management principles to strengthen financial stability, balancing strategic investments with sustainable profit growth while maintaining cash-generating capabilities. Through refined operations and digital management, we will comprehensively improve internal efficiency and profitability, laying a solid foundation for the sustainable development of the Company. Moving forward, we will harness innovation as our driving force, center our efforts on customer satisfaction, and pursue internationalization with determination. We strive to become a trusted partner in the global biopharmaceutical field, contributing more to the cause of human health.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Director	Dr. Liu, Jun *(Chief Executive Officer)*
Non-executive Directors	Mr. Fu, Shan *(Chairperson)* Ms. Yeh-Huang, Chun-Ying *(Vice Chairperson)* Dr. Liu, Weidong
Independent Non-executive Directors	Ms. Hu, Lan *(Resigned as independent non-executive Director on 12 March 2025)* Mr. Chang, Hong-Jen *(Resigned as independent non-executive Director on 12 March 2025)* Dr. Wang, De Qian *(Resigned as independent non-executive Director on 12 March 2025)* Ms. Sun, Hui *(Appointed as independent non-executive Director on 12 March 2025)* Mr. Zhang, Qing *(Appointed as independent non-executive Director on 12 March 2025)* Dr. Gu, Xuelin *(Appointed as independent non-executive Director on 12 March 2025)*
Senior Management	Dr. Zhang, Jian Ms. Yin, Li Mr. Li, Hongyang Dr. Pan, Zhiwei Ms. Xiao, Ben Dr. Duan, Qing Mr. Wu, Chih-Yuan Ms. Feng, Shan Mr. Chen, Yifan

EXECUTIVE DIRECTOR

Dr. Liu, Jun (劉軍博士), aged 57, joined the Group on 17 October 2016 and was appointed as an executive Director, chief scientific officer and chief executive officer on 26 October 2018, 12 March 2019 and 15 October 2020, respectively. He is also a member of the Strategy and ESG Committee. Dr. Liu, Jun served as vice general manager of the Company between 17 October 2016 and 15 October 2020, and as chief operating officer of the Company between 21 April 2020 and 15 October 2020. He is currently fully responsible for the operation and management of the Group, including research and development, operations management and business development, among others.

Prior to joining the Group, Dr. Liu, Jun was the executive director of biologics research and development department in Shanghai ChemPartner Co., Ltd. between July 2010 and October 2016. Prior to that, he was employed by Bayer US LLC between April 2005 and July 2010 working with Bayer Healthcare as a senior scientist in the United States.

Dr. Liu, Jun obtained a Ph.D. in bioanalytical chemistry from the University of California, Davis in the United States in December 2002 and a bachelor's degree in chemistry from the University of Science & Technology of China in Hefei, Anhui Province, the PRC in July 1991.

NON-EXECUTIVE DIRECTORS

Mr. Fu, Shan (付山先生), aged 57, joined the Group on 19 January 2016 as a non-executive Director and was appointed the chairperson of the Board on 28 September 2018. He is also the chairperson of the Nomination Committee and the Strategy and ESG Committee. He has previously used the Chinese name "Fu Shan (傅山)".

Mr. Fu has since October 2013 been a managing partner, a co-CEO and the Greater China CEO of Vivo Capital LLC, which is an investment management firm that primarily invests in the field of biotechnology and healthcare. Between June 2008 and October 2013, Mr. Fu worked as a senior managing director in the Beijing branch of Blackstone (Shanghai) Equity Investment Management Company Limited. He has been a non-executive director of LEPU ScienTech Medical Technology (Shanghai) Co., Ltd. (Hong Kong Stock Exchange: 2291) since June 2021 and a director of Sinovac Biotech Ltd. (NASDAQ: SVA) since July 2018. Mr. Fu was also appointed as a director of VISEN Pharmaceuticals (Hong Kong Stock Exchange: 2561, which became listed on the Main Board of the Hong Kong Stock Exchange in March 2025) in November 2018, and was re-designated as a non-executive director in March 2021. He was also a director of Genetron Holdings Limited (NASDAQ: GTH) from June 2021 to March 2024 and a non-executive director of InnoCare Pharma Limited (Hong Kong Stock Exchange: 9969; Shanghai Stock Exchange STAR Market: 688428) from February 2018 to March 2023.

Mr. Fu obtained a master's degree in history and a bachelor's degree in history, both from Peking University in Beijing, the PRC, in July 1991 and July 1988, respectively.

Ms. Yeh-Huang, Chun-Ying (黃純瑩女士), aged 66, joined the Group on 5 July 2010 and was appointed as the vice chairperson of the Board on 15 October 2020. She is also a member of the Strategy and ESG Committee. Ms. Yeh-Huang served as the general manager of the Group between 5 July 2010 and 15 October 2020. Ms. Yeh-Huang was re-designated from an executive Director to a non-executive Director of the Company with effect from 1 January 2023 and has been responsible for the oversight of strategy formulation and development of the Group.

From April 1986 to December 2015, Ms. Yeh-Huang worked at TTY Biopharm Company Limited, during which she became an executive vice president of the oncology science business development unit in April 2011. As the head of TTY Biopharm Company Limited's oncology science business development unit, she was responsible for product development, clinical research, marketing and sales. She also managed cancer translation centers and medical academies and was responsible for the expansion of oncology science business market construction and team management in China and Vietnam. She was a pharmacist of Taipei Veterans General Hospital from July 1983 to August 1985.

Ms. Yeh-Huang obtained a bachelor's degree in pharmacy from Taipei Medical College (now known as Taipei Medical University) in Taiwan in June 1982 and obtained her Taiwan license of pharmacist in June 1983.

Dr. Liu, Weidong (劉衛東博士), aged 56, joined the Group on 12 August 2023 as a non-executive Director of the Company and a Director of BioDlink Biopharm Co., Ltd. (東曜藥業有限公司), a wholly-owned subsidiary of the Company. He is also a member of each of the Audit and Connected Transactions Review Committee, Remuneration Committee and the Strategy and ESG Committee.

Dr. Liu, Weidong possesses extensive experience in pharmaceutical process research and development as well as CMC (chemistry, manufacturing and controls) management. He worked at Array BioPharma Inc. (formerly NASDAQ: ARRY; now part of Pfizer Inc. (New York Stock Exchange: PFE)) from October 2001 to May 2015 with his last position as principal research investigator of process chemistry. He then worked at Avista Pharma Solutions (now part of Cambrex Corporation (formerly New York Stock Exchange: CBM)) from June 2015 to February 2016 as director of process chemistry, and at Changzhou STA Pharmaceutical R&D Co., Ltd. (常州合全新藥研發有限公司) (a subsidiary of WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司) (Hong Kong Stock Exchange: 2359; Shanghai Stock Exchange: 603259)) from March 2016 to April 2017 as executive director of process research and development.

NON-EXECUTIVE DIRECTORS *(cont'd)*

Dr. Liu, Weidong joined Vivo Capital LLC in August 2017 and is currently serving as managing director. He served as a director of Genetron Holdings Limited (NASDAQ: GTH) between November 2019 and June 2021.

Dr. Liu, Weidong obtained a bachelor's degree and a master's degree in chemistry from Peking University (北京大學) in China in 1989 and 1994, respectively, and obtained a Ph.D. in organic chemistry from the University of Pittsburgh in the United States in 2000.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Sun, Hui (孫暉女士), aged 53, joined the Group on 12 March 2025 as an independent non-executive Director. She is also the chairperson of the Audit and Connected Transactions Review Committee and a member of the Nomination Committee.

Ms. Sun has extensive experience in accounting and financial management. She served as the group chief financial officer of CTH Group and the chief financial officer of Atlas Technology Group LLC from January 2022 to June 2022. She served as a partner in the operating group at SoftBank Investment Advisers (US) Inc. from September 2019 to June 2020. She was a partner in the capital markets accounting advisory services practice at PricewaterhouseCoopers in the United States from June 2017 to December 2018. Prior to that, Ms. Sun spent close to 17 years from November 2000 to June 2017 with EY, firstly in the United States and then subsequently in the PRC, with her last position as an assurance partner, and head and founding partner of EY's financial accounting advisory services practice in the China North region.

Ms. Sun was a member of the board of governors and the finance committee at the International School of Busan in South Korea from December 2021 to March 2024.

Ms. Sun received a Bachelor of Business Administration degree in public accounting from Baruch College of The City University of New York in the United States in September 1997. She is a certified public accountant in the State of New York (active) since January 2002 and in the State of California (inactive) since June 2017.

Mr. Zhang, Qing (張勍先生), aged 56, joined the Group on 12 March 2025 as an independent non-executive Director. He is also the chairperson of the Remuneration Committee and a member of the Audit and Connected Transactions Review Committee.

Mr. Zhang has extensive managerial experience in capital markets. Mr. Zhang is the founder and chairman of Kingwood Consulting (謹悟(海南)信息產業諮詢有限公司) since October 2022. Prior to that and since April 2009, he served multiple positions including the chief executive officer of C-Merchant Capital Co., Ltd (潮商東盟投資基金管理有限公司), director and chief executive officer of Macap Grupo (Macau) Companhia S.A. (澳門金控集團股份有限公司), and managing director and executive vice president in China Investment Corporation (中國投資有限責任公司).

He obtained a bachelor's degree in English from Beihang University in the PRC in July 1991, a master's degree in business administration from Renmin University of China in the PRC in July 2002, and a master's degree in business administration from the State University of New York at Buffalo in the United States in February 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(cont'd)*

Dr. Gu, Xuelin (谷學林博士), aged 69, joined the Group on 12 March 2025 as an independent non-executive Director. He is also a member of each of the Remuneration Committee, Nomination Committee and the Strategy and ESG Committee.

Dr. Gu has extensive experience in biopharmaceutical industry. Dr. Gu has served as the president of Linbio Consulting LLC since October 2024. He served several senior positions in WuXi Biologics (Cayman) Inc. (無錫藥明生物技術股份有限公司, HKEX: 2269) from August 2014 to September 2024, with his last position as senior advisor. Prior to that, Dr. Gu had successively worked for several biopharmaceutical companies in the United States, including Johnson & Johnson (NYSE: JNJ) and PPD Inc. (which is now part of Thermo Fisher Scientific Inc. (NYSE: TMO)).

Dr. Gu received a bachelor's degree in analytical chemistry from Heilongjiang University in the PRC in July 1982, a master's degree in pharmaceutical chemistry from Norman Bethune University of Medical Sciences in the PRC in November 1989 and earned his Ph.D. in protein chemistry from the University of Nebraska in the United States in May 2001.

SENIOR MANAGEMENT

Dr. Zhang, Jian (張戩博士), aged 48, joined the Group in July 2024 as the Chief Operating Officer, in charge of the Group's manufacturing operation, engineering management and supply chain management, among others. Dr. Zhang has nearly 20 years of experience in R&D, quality management and manufacturing management in biopharmaceutical industry.

Prior to joining the Group, Dr. Zhang worked at WuXi Biologics (Cayman) Inc. (Hong Kong Stock Exchange: 2269) from September 2014 to January 2024 with his last positions as the senior vice president and the head of lean management office. Prior to that, Dr. Zhang had successively worked for several biopharmaceutical companies in the United States, including Pharmaceutical Product Development, Inc. (now part of Thermo Fisher Scientific, Inc. (New York Stock Exchange: TMO)) and Bristol Myers Squibb Company (New York Stock Exchange: BMY).

Dr. Zhang received a bachelor's degree in chemistry from Peking University in the PRC and a Ph.D. in analytical chemistry from University of Wisconsin in the United States.

Ms. Yin, Li (陰麗女士), aged 60, joined the Group in November 2023 as the Chief Technology Officer, in charge of the Group's ADC research centre and overseas business development. Ms. Yin has over 30 years of experience in chemistry and biopharmaceutical industries.

Prior to joining the Group, between September 2014 and October 2023, Ms. Yin served as the head of bio-conjugation development of WuXi Biologics Co., Ltd., a subsidiary of WuXi Biologics (Cayman) Inc. (Hong Kong Stock Exchange: 2269) and the head of new technology development and business support of WuXi XDC Co., Ltd., a subsidiary of WuXi XDC Cayman Inc. (Hong Kong Stock Exchange: 2268). Prior to that, Ms. Yin had successively worked for several biopharmaceutical companies in the United States, including Sigma Aldrich, DuPont-Merck Pharmaceuticals and Amgen.

Ms. Yin received a bachelor's degree in chemistry from Peking University in the PRC and a master's degree in chemistry from Purdue University in the United States.

Mr. Li, Hongyang (李鴻陽先生), aged 61, joined the Group in January 2024 as the Vice President of Quality, responsible for the Group's quality management and quality strategy improvement. Mr. Li has abundant experience in quality management, manufacturing science & technology (MS&T) and production at multi-national pharmaceutical companies.

Prior to joining the Group, Mr. Li worked at Suzhou Novartis Technical Development Co., Ltd., a subsidiary of Novartis AG (New York Stock Exchange: NVS), from November 2012 to November 2023, serving as the site quality head and the APAC and local market manufacturing platform MS&T head successively. Prior to that, Mr. Li had worked for well-known multinational pharmaceutical companies such as Novo Nordisk and Eli Lilly.

Mr. Li obtained his bachelor's degree and master's degree in biology from Nankai University in China in 1986 and 1989 respectively, and a master's degree in manufacturing management from Pennsylvania State University in 2003.

SENIOR MANAGEMENT *(cont'd)*

Dr. Pan, Zhiwei (潘志衛博士), aged 51, joined the Group in March 2023 as vice president, in charge of the bioprocess development, pilot manufacturing and CMC project management of the Group.

Prior to joining the Group, Dr. Pan served as executive director of Suzhou Junmeng Biopharm Co., Ltd., a subsidiary of Shanghai Junshi Biosciences Co., Ltd. (Hong Kong Stock Exchange: 1877; Shanghai Stock Exchange: 688180), between January 2019 and March 2023. Between 2014 and 2018, Dr. Pan served as senior director of Livzon MABPharm Inc., a subsidiary of Livzon Pharmaceutical Group Inc. (Hong Kong Stock Exchange: 1513; Shenzhen Stock Exchange: 000513). Dr. Pan served as director of Zhejiang Teruisi Pharmaceutical Inc. between 2012 and 2014. Prior to that, Dr. Pan worked at Shire HGT in the United States (now part of Takeda) as senior bioengineer between 2007 and 2012.

Dr. Pan received a bachelor's degree in fermentation engineering from Wuxi University of Light Industry (now known as Jiangnan University) in the PRC in 1995 and a master's degree in biochemical engineering from East China University of Science and Technology in the PRC in 2000. Dr. Pan obtained a Ph.D. in chemical engineering from the University of Pittsburgh in the United States in 2007.

Ms. Xiao, Ben (肖賁女士), aged 44, joined the Group in January 2022, and was appointed as Vice President of Finance and Investor Relations of the Group in April 2024, in charge of the financial management, investment, financing matters and investor relationship of the Group.

Prior to joining the Group, Ms. Xiao served as group chief financial officer of a multinational corporation specializing in the research and development and production of renewable energy solutions between June 2021 and October 2021. Between November 2016 and May 2021, she served as group chief financial officer of Fuba Automotive Electronics GmbH in Germany, and also assumed the position of managing director of its Suzhou subsidiary, the PRC since August 2019. Between November 2005 and September 2016, she successively served as group accounting and finance consultant and group accounting and finance specialist of Wincor Nixdorf International GmbH in Germany, an information technology solutions provider under Wincor Nixdorf AG (formerly Frankfurt Stock Exchange: WIN) which was merged into Diebold Nixdorf, Inc. (New York Stock Exchange: DBD) in 2016.

From 1998 to 2005, Ms. Xiao successively attended Beijing Foreign Studies University in the PRC with a focus on German, and Paderborn University (Universität Paderborn) in Germany with a focus on business, economics, accounting and taxation, and received a degree equivalent to a master's degree in business administration (Diplom-Kauffrau) from Paderborn University in 2005. Ms. Xiao is a Fellow of The Chartered Institute of Management Accountants of the United Kingdom (FCMA), and is also recognized as a Chartered Global Management Accountant (CGMA) and an International Affiliate of the Hong Kong Institute of Certified Public Accountants (HKICPA).

Dr. Duan Qing (段清博士), aged 42, joined the Group in April 2019. Currently, he is the executive director of the new drug development division. Prior to joining the Group, Dr. Duan worked at Shanghai PharmaExplorer Co., Ltd. from April 2017 to March 2019. Between September 2011 and March 2017, he worked at Shanghai ChemPartner Co., Ltd..

Dr. Duan received a bachelor's degree in biotechnology from Shanghai Jiao Tong University in the PRC in July 2003 and a Ph.D. in cell biology from Shanghai Institutes for Biological Sciences, Chinese Academy of Sciences in the PRC in January 2009.

Mr. Wu, Chih-Yuan (吳志遠先生), aged 52, joined the Group in January 2016, and was appointed as a senior director of the strategy and business development in April 2019. Prior to joining the Group, Mr. Wu was a director of TTY Biopharm Company Limited's oncology science business development unit from February 2014 to December 2015. He was a director of market advisory department in Taiho Pharmaceutical of Beijing Co., Ltd. from January 2009 to September 2011. Mr. Wu worked at TTY Biopharm Company Limited's marketing department between August 2002 and November 2008, assuming positions such as group product manager.

SENIOR MANAGEMENT *(cont'd)*

Mr. Wu obtained a bachelor's degree in pharmacy from National Taiwan University in Taiwan in June 1995.

Ms. Feng Shan (馮珊女士), aged 46, joined the Group in December 2014, and was appointed as a senior director of the regulatory affairs department in April 2019. Prior to joining the Group, Ms. Feng was a manager of regulatory affairs department of EPS International (China) Co., Ltd., Beijing branch under EPS Group from April 2007 to October 2014. Between July 2002 and April 2007, she successively worked at Chugai Pharmaceutical Co., Ltd., Beijing office and Chugai Pharma (Shanghai) Consulting Co., Ltd., Beijing branch as a senior supervisor, mainly in charge of drug registration and academic affairs.

Ms. Feng received a bachelor's degree in pharmacy (Japanese) from Shenyang Pharmaceutical University in the PRC in July 2002.

Mr. Chen, Yifan (陳一帆先生), aged 45, joined the Group in May 2020 and was appointed as executive director of the legal compliance and administration department since April 2024, in charge of the overall legal, compliance, internal audit, intellectual property affairs and administration matters of the Group. He was appointed as a joint company secretary of the Company on 1 February 2022.

Prior to joining the Group, Mr. Chen served as corporate counsel of Flextronics Electronics Technology (Suzhou) Co., Ltd., a subsidiary of Flex Ltd. (NASDAQ: FLEX), between January 2017 and May 2020, during which he was responsible for legal affairs in North Asia. Between July 2012 and December 2016, he served as senior legal manager of MFLEX Suzhou Co., Ltd., a subsidiary of Multi-Fineline Electronix, Inc. (formerly NASDAQ: MFLX), during which he was responsible for legal and compliance affairs in Greater China. Between March 2008 and May 2012, he served as legal manager of CSI Solar Power (China) Inc., a subsidiary of Canadian Solar Inc. (NASDAQ: CSIQ), during which he was responsible for legal affairs in the PRC. Mr. Chen was an attorney-at-law in the Nanjing office and Shanghai office of Tianzhiquan Law Firm in 2002 and 2003, respectively.

Mr. Chen received a bachelor's degree in law from Nanjing University in the PRC in 2002 and a master's degree in professional accounting from the University of Canberra in Australia in 2005. Mr. Chen was admitted as a PRC lawyer. In addition, Mr. Chen was also admitted as a Fellow of the Institute of Public Accountants of Australia (FIPA) and a Fellow of the Institute of Financial Accountants of the United Kingdom (FFA).

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2024.

CORPORATE GOVERNANCE CULTURE AND PURPOSE

Corporate governance is the basis of the modern enterprise system, which includes rules, practices and processes by which the Company is directed and controlled. The primary objective of corporate governance is to improve our performance to create long-term shareholder values. To achieve that, the Company is committed to ensuring our activities are conducted in accordance with high ethical standards.

The basic principles of the Company corporate governance are accountability, transparency, fairness, responsibility and risk management. Since corporate governance provides the framework for attaining a company's objectives, it encompasses practically every sphere of management. However, we believe our Board of Directors is the primary force influencing corporate governance. Our Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- Satisfactory and sustainable returns to our investors and shareholders;
- Balancing the interest of our stakeholders, including shareholders, senior management, employees, customers, suppliers, the government, the community and other business partners;
- The overall business risks are identified, understood and managed appropriately;
- The delivery of high-quality products and excellent services to our patients and clients; and
- High standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

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

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

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

The Company has devised its own Corporate Governance Policy which incorporates the principles and practices as set out in the CG Code.

The Board is of the view that throughout the year ended 31 December 2024, the Company has complied with all the applicable code provisions as set out in the CG Code.

With the commercialization of our drugs, under the supervision of the Board, the Company launched a Compliance Audit ("Audit") to the company's Contract Sales Organizations ("CSO") starting from the year of 2022. The purpose of the Audit is to identify, monitor and safeguard the potential risks from the market promotion of our drugs by the CSO. Since 2022, we have completed the Audits of the CSO for three consecutive years. The Audit of 2024 was conducted by a law firm and consulting firm with rich experiences in compliance, especially in the pharmaceutical industry. After three years of compliance audit work, the Company's CSO compliance management has shown initial results, and the cooperation and compliance management between the Company and CSO in promoting drugs have been continuously improving. In addition, The Audit effectively enhanced awareness of the CSO compliance risk of the Company as a whole and all staff in core positions, prevented and responded to CSO compliance risks, and it is expected to lay the foundation for the Company to control relevant risks for a long term.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2024.

The Company has also established written guidelines including the Code of Conduct and Ethics and the Insider Dealing Policy (collectively, the "Employees Written Guidelines") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. For the purpose of effective execution of the Employees Written Guidelines, the Company also provided internal and external training sessions to senior managers and other employees. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

As of 21 March 2025, the Board comprises seven Directors, consisting of one Executive Director, three Non-executive Directors and three Independent Non-executive Directors as follows:

Executive Director

Dr. Liu, Jun *(Chief Executive Officer)*

Non-executive Directors

Mr. Fu, Shan *(Chairperson of the Board)*
Ms. Yeh-Huang, Chun-Ying *(Vice Chairperson of the Board)*
Dr. Liu, Weidong

Independent Non-executive Directors

Ms. Hu, Lan *(resigned on 12 March 2025)*
Mr. Chang, Hong-Jen *(resigned on 12 March 2025)*
Dr. Wang, De Qian *(resigned on 12 March 2025)*
Ms. Sun, Hui *(appointed on 12 March 2025)*
Mr. Zhang, Qing *(appointed on 12 March 2025)*
Dr. Gu, Xuelin *(appointed on 12 March 2025)*

Ms. Sun, Hui, Mr. Zhang, Qing and Dr. Gu, Xuelin who have been appointed as the Independent Non-executive Directors on 12 March 2025, have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 11 March 2025, and they have confirmed they understood their obligations as a director of a listed issuer.

The biographical information of the above Directors is set out in the section headed "Biographies of Directors and Senior Management" on pages 31 to 36 of this annual report.

Save and except that both Mr. Fu, Shan and Dr. Liu, Weidong represent Vivo Capital LLC on the Board, none of the above members of the Board was related to one another.

BOARD OF DIRECTORS *(cont'd)*

Board Meetings and Directors' Attendance Records

Code provision C.5.1 of the CG Code stipulates that regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Code provision C.2.7 of the CG Code stipulates that the chairman of the Board should at least annually hold meetings with independent non-executive Directors without the presence of other directors. Apart from regular Board meetings, the Chairman also held one meeting with the independent non-executive directors without the presence of other Directors during the year.

A summary of the attendance records of the Directors at the Board meetings held during the year ended 31 December 2024 is set out below:

Name of Directors	Attendance
Dr. Liu, Jun *(Chief Executive Officer)*	4/4
Mr. Fu, Shan *(Chairperson of the Board)*	4/4
Ms. Yeh-Huang, Chun-Ying *(Vice Chairperson of the Board)*	4/4
Dr. Liu, Weidong	4/4
Ms. Hu, Lan *(resigned on 12 March 2025)*	4/4
Mr. Chang, Hong-Jen *(resigned on 12 March 2025)*	4/4
Dr. Wang, De Qian *(resigned on 12 March 2025)*	4/4
Ms. Sun, Hui *(appointed on 12 March 2025)*	N/A
Mr. Zhang, Qing *(appointed on 12 March 2025)*	N/A
Dr. Gu, Xuelin *(appointed on 12 March 2025)*	N/A

Chairperson and Chief Executive Officer

The positions of Chairperson and Chief Executive Officer are held by Mr. Fu, Shan and Dr. Liu, Jun respectively. The roles of the Chairperson and Chief Executive Officer are separate and exercised by different individuals. The Chairperson provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

BOARD OF DIRECTORS *(cont'd)*

Independent Non-executive Directors and Board Independence

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with one of whom (namely, Ms. Hu, Lan) possessing accounting professional qualifications and related financial management expertise.

The Board and the Nomination Committee regularly review, assess and report Board independence in accordance with the Terms of Reference of the Nomination Committee, Director Nomination Policy and Board Diversity Policy. The Nomination Committee reviewed and considered that the following key features or mechanisms under the Board and governance structure remained effective for the year ended 31 December 2024 in ensuring that independent views and input were provided to the Board:

Board and Committees Structure

- The Board comprises a majority of non-executive Directors and independent non-executive Directors. The Chief Executive Officer is the only executive Director on the Board as of the date of this report.

- The Board consists of three independent non-executive Directors (42.9% of the Board), who are independent of and not related to each other and any members of the senior management.

- The majority of all Board committees (except Strategy and ESG Committee) are independent non-executive Directors.

Appointment of Directors

- In assessing suitability of the candidates, the Nomination Committee will review their character and integrity; qualifications including professional qualifications, skills, knowledge and relevant experience; diversity in all aspects, including but not limited to gender, age, cultural and educational background; requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board, having regard to the Board's composition, the selection criteria approved by the Board, Terms of Reference of the Nomination Committee and the Board Diversity Policy.

Annual Review of Directors' Commitment

- The Nomination Committee reviews annually each Director's time commitment to the Group's business.

- Directors' attendance records in 2024 are disclosed in this Corporate Governance Report.

Annual Review of Directors' Independence

- Each independent non-executive Director is required to inform the Stock Exchange as soon as practicable if there is any change in his/her personal particulars that may affect his/her independence. No such notification was received during the year ended 31 December 2024.

Professional Advice

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

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

BOARD OF DIRECTORS *(cont'd)*

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive Directors including independent non-executive Directors of the Company are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

Under the Amended and Restated Articles of Association, at each annual general meeting, 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 greater than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Amended and Restated Articles of Association also provides that all Directors appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after appointment. The retiring Directors shall be eligible for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

The Directors shall disclose to the Company details of other offices held by them (if any).

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

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

BOARD OF DIRECTORS *(cont'd)*

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company. Also, all Directors have received formal and comprehensive training on Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

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

During the year ended 31 December 2024, the Company continued to provide latest information and learning materials to all Directors and organized training sessions conducted by qualified professionals for all Directors, and the Directors complied with the code provision C.1.4 of the CG Code. The professional training sessions and learning materials covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual, legal and regulatory updates and the latest industry and capital market information were provided to the Directors for their reference and studying.

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

Name of Directors	Type of Training [Note]
Executive Director	
Dr. Liu, Jun *(Chief Executive Officer)*	A, B
Non-executive Directors	
Mr. Fu, Shan *(Chairperson of the Board)*	B
Ms. Yeh-Huang, Chun-Ying *(Vice Chairperson of the Board)*	A, B
Dr. Liu, Weidong	B
Independent Non-executive Directors	
Ms. Hu, Lan *(resigned on 12 March 2025)*	A
Mr. Chang, Hong-Jen *(resigned on 12 March 2025)*	A, B
Dr. Wang, De Qian *(resigned on 12 March 2025)*	A, B
Ms. Sun, Hui *(appointed on 12 March 2025)*	N/A
Mr. Zhang, Qing *(appointed on 12 March 2025)*	N/A
Dr. Gu, Xuelin *(appointed on 12 March 2025)*	N/A

Note:

Types of Training

A: Attending training sessions, including but not limited to briefings, seminars, conferences and workshops.

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications (including the Stock Exchange's letters to authorized representatives of listed issuers).

BOARD COMMITTEES

The Board has established four committees, namely, the Audit and Connected Transactions Review Committee, Remuneration Committee, Nomination Committee and Strategy and ESG Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairperson and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit and Connected Transactions Review Committee

As of 21 March 2025, the Audit and Connected Transactions Review Committee consisted of three members, namely Ms. Sun, Hui (independent non-executive Director), Dr. Liu, Weidong (non-executive Director) and Mr. Zhang, Qing (independent non-executive Director), majority of whom are independent non-executive Directors. Ms. Sun, Hui is the chairperson of the Audit and Connected Transactions Review Committee and she holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit and Connected Transactions Review Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Audit and Connected Transactions Review Committee include:

- making recommendations to the Board on the appointment, reappointment and removal of external auditors, approving the remuneration and terms of engagement of external auditors, and dealing with any issues in relation to resignation or dismissal of external auditors;
- reviewing and monitoring external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, discussing with auditors on the nature and scope of the audit work and reporting obligations before the audit commences;
- developing and implementing policies with respect to the non-audit work provided by external auditors;
- examining the completeness of the Group's financial statements and the Group's quarterly, interim and annual reports, and reviewing critical financial reporting judgments contained therein;
- overseeing the Group's financial reporting, risk management and internal control systems;
- managing matters related to connected transactions;
- reviewing and approving the Group's connected transactions and other related matters to the extent authorized by the Board;
- formulating, monitoring and overseeing the anti-corruption and anti-bribery policies and systems of the Group;
- formulating, monitoring and overseeing the whistle-blowing policies and systems of the Group; and
- providing information for the independent non-executive Directors and auditors to perform their annual review of the connected transactions.

During the year ended 31 December 2024, the Audit and Connected Transactions Review Committee held four meetings to, among other things, review, consider and approve the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works, connected transactions, and arrangements for employees to raise concerns about possible improprieties.

During the year ended 31 December 2024, the Audit and Connected Transactions Review Committee also had meetings with the external auditors no less than twice without the presence of the Executive Director.

BOARD COMMITTEES *(cont'd)*

Audit and Connected Transactions Review Committee *(cont'd)*

The attendance records of the members of the Audit and Connected Transactions Review Committee are as follows:

Name of Members of the Audit and Connected Transactions Review Committee	Attendance
Ms. Hu, Lan *(resigned on 12 March 2025)*	4/4
Mr. Chang, Hong-Jen *(resigned on 12 March 2025)*	4/4
Dr. Liu, Weidong	4/4
Ms. Sun, Hui *(appointed on 12 March 2025)*	N/A
Mr. Zhang, Qing *(appointed on 12 March 2025)*	N/A

Remuneration Committee

As of 21 March 2025, the Remuneration Committee consisted of three members, namely Mr. Zhang, Qing (independent non-executive Director), Dr. Liu, Weidong (non-executive Director) and Dr. Gu, Xuelin (independent non-executive Director). Mr. Zhang, Qing is the chairperson of the Remuneration Committee.

Pursuant to Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director. During the period from 12 March 2022 to 11 August 2023, Mr. Qiu, Yu Min, a then non-executive director of the Company, served as the chairperson of the Remuneration Committee. Dr. Liu, Weidong, a non-executive director of the Company, has served as the chairperson of the Remuneration Committee from 12 August 2023 to 21 March 2025. As such, the Company has not been in compliance with Rule 3.25 of the Listing Rules from 12 March 2022 to 21 March 2025.

For re-compliance with Rule 3.25 of the Listing Rules, Mr. Zhang, Qing, an independent non-executive director of the Company, has been appointed as the chairperson of the Remuneration Committee with effect from 21 March 2025. Dr. Liu, Weidong ceased to be the chairperson of the Remuneration Committee but remains as a member of the Remuneration Committee on the even date.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Remuneration Committee include:

- making recommendations to the Board on the compensation remuneration packages of individual executive Directors and senior management and on the compensation of non-executive Directors;
- making recommendations to the Board on the management's remuneration proposals;
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- developing policies and structure for remuneration of all Directors, senior management and employees including salaries, incentive schemes and other share schemes, and making recommendations to the Board; and
- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of options or awards to directors, senior management, consultants and employees and making disclosure and giving explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report.

BOARD COMMITTEES *(cont'd)*

Remuneration Committee *(cont'd)*

During the year ended 31 December 2024, the Remuneration Committee held one meeting to, among other things, review the performance and compensation remuneration packages of individual executive Directors, make recommendations to the Board on the compensation remuneration packages of individual executive Directors and senior management and on the compensation of non-executive Directors, make recommendations to the Board on the management's remuneration proposals, make recommendations to the Board on the adoption of amendments to Restricted Share Award Scheme and make recommendations to the Board on disclosure with respect to Directors' remuneration included in the annual report.

Details of the remuneration of the senior management by band are set out in the section headed "Management Discussion and Analysis – Financial Summary – Employees and Remuneration" on page 13 of this annual report.

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

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Dr. Liu, Weidong	1/1
Mr. Chang, Hong-Jen *(resigned on 12 March 2025)*	1/1
Dr. Wang, De Qian *(resigned on 12 March 2025)*	1/1
Mr. Zhang, Qing *(appointed on 12 March 2025)*	N/A
Dr. Gu, Xuelin *(appointed on 12 March 2025)*	N/A

BOARD COMMITTEES *(cont'd)*

Nomination Committee

As of 21 March 2025, the Nomination Committee consisted of three members, namely Mr. Fu, Shan (non-executive Director), Ms. Sun, Hui (independent non-executive Director) and Dr. Gu, Xuelin (independent non-executive Director). Mr. Fu, Shan is the chairperson of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Nomination Committee include:

- reviewing the structure, size and composition of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Board members and making recommendations to the Board;
- assessing the independence of independent non-executive Directors;
- making recommendations to the Board on the appointment and succession planning of Directors;
- reviewing the diversification policy and its implementation on an annual basis, developing and reviewing measurable objectives for implementing the diversification policy and monitoring the progress on achieving these objectives;
- formulating and reviewing the policy for the nomination of directors which includes the nomination process and the criteria;
- formulating and reviewing on an annual basis the mechanism to ensure independent views and inputs are available to the Board; and
- reviewing and monitoring the training and continuous professional development of directors, coordinating with the Company for arranging appropriate trainings with appropriate focus on the roles, functions and responsibilities of director.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2024, the Nomination Committee held one meeting to, among other things, review the structure, size and composition of the Board and assess the independence of the independent non-executive Directors.

BOARD COMMITTEES *(cont'd)*

Nomination Committee *(cont'd)*

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Fu, Shan	1/1
Ms. Hu, Lan *(resigned on 12 March 2025)*	1/1
Dr. Wang, De Qian *(resigned on 12 March 2025)*	1/1
Ms. Sun, Hui *(appointed on 12 March 2025)*	N/A
Dr. Gu, Xuelin *(appointed on 12 March 2025)*	N/A

Strategy and ESG Committee

In order to cater for the strategic development need of the Company and strengthen its environmental, social and governance ("ESG") work, so as to further improve the Company's corporate governance structure, determine the Company's development plan, improve the Company's scientific decision-making standard, continuously strengthen the Company's core competitiveness and ensure the Company's sustainable development, the Strategy Committee under the Board had been renamed as the Strategy and ESG Committee on 23 December 2021, with ESG management responsibilities added and the responsibilities of the original Strategy Committee remaining unchanged.

As of 21 March 2025, the Strategy and ESG Committee consisted of five members, namely Mr. Fu, Shan (non-executive Director), Dr. Liu, Jun (executive Director), Ms. Yeh-Huang, Chun-Ying (non-executive Director), Dr. Liu, Weidong (non-executive Director) and Dr. Gu, Xuelin (independent non-executive Director). Mr. Fu, Shan is the chairperson of the Strategy and ESG Committee.

The primary functions of the Strategy and ESG Committee include:

- reviewing and making recommendations to the Board on the long-term strategic development plans of the Company;
- reviewing and making recommendations to the Board in relation to any significant capital operations (including but not limited to the alternation of the registered issued share capital; issuance of bonds or other securities; the merger, separation, dissolution or transformation of company structure of the Company or any of its wholly owned or holding subsidiaries; the Company's profit distribution plan and plans for loss recovery), asset management projects, the Company's annual financial budget plan, and final accounts;
- reviewing and making recommendations to the Board on any financing investment projects relating to issuance of securities by the Company or any of its wholly owned or holding subsidiaries;
- reviewing the Group's major investment and financing proposals in accordance with the Amended and Restated Articles of Association and overseas investment management measures, and making recommendations to the Board;
- making recommendations to the Board on any major matters that would affect the Company's development;

BOARD COMMITTEES *(cont'd)*

Strategy and ESG Committee *(cont'd)*

- implementing and supervising the above items, reviewing, evaluating and making recommendations on any major changes made to these items, for the Board's approval;

- developing the Company's ESG objectives, strategies and structure, reviewing the progress in achieving the Company's ESG objectives, and making recommendations to the Board on relevant ESG work in line with the Company's strategic development;

- reviewing ESG-related issues that have a significant impact on the Company's operations and/or the interests of other key stakeholders;

- considering the Company's assessment of its environmental and social impact, and reviewing international and China's ESG trends, in order to ensure the effective assessment of potential impact, opportunities and risks to the Company's business;

- monitoring the implementation of the Company's ESG policies and strengthening process control to ensure that the sustainability and effectiveness of the relevant actions in compliance with applicable laws and regulatory requirements;

- referring to key ESG reporting guidance for the relevant industry or sector, and to widely consider suggestions from stakeholders or to seek independent assurance verification by third parties in order to strengthen the scientific management of ESG and the credibility of ESG information disclosure;

- making timely, accurately and complete information disclosure under the requirements of the Listing Rules, the CG Code (set out in Appendix C1 to the Listing Rules) and the Environmental, Social and Governance Reporting Guide (set out in Appendix C2 to the Listing Rules); and

- other matters authorized by the Board.

During the year ended 31 December 2024, the Strategy and ESG Committee held one meeting.

The attendance records of the members of the Strategy and ESG Committee are as follows:

Name of Members of the Strategy and ESG Committee	Attendance
Mr. Fu, Shan	1/1
Dr. Liu, Jun	1/1
Ms. Yeh-Huang, Chun-Ying	1/1
Dr. Liu, Weidong	1/1
Dr. Wang, De Qian *(resigned on 12 March 2025)*	1/1
Dr. Gu, Xuelin *(appointed on 12 March 2025)*	N/A

BOARD COMMITTEES *(cont'd)*

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

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

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

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

An analysis of the Board's composition as of the date of this report based on the measurable objectives is set out below:

Gender	
Male:	5 Directors
Female:	2 Directors
Age Group	
51-60:	4 Directors
61-70:	2 Directors
71-80:	1 Director
Nationality	
Chinese:	5 Directors
American:	2 Directors
Business Experience	
Accounting & Finance:	1 Director
Biopharmaceutical:	6 Directors

At present, the Nomination Committee considered that the Board is sufficiently diverse and can provide professional advice to the Company to support its long-term development strategies.

The Nomination Committee will also review the Board Diversity Policy annually, as appropriate, to ensure its effectiveness.

BOARD COMMITTEES *(cont'd)*

Gender Diversity

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

	Female	Male
Board	29%	71%
	(2)	(5)
Senior management	33%	67%
	(3)	(6)
Other employees	50%	50%
	(300)	(295)
Overall workforce	50%	50%
	(305)	(306)

The Board had targeted to achieve and had achieved at least having two female Directors, and encouraging female senior management and female employees to join the Group and considers that the above current gender diversity is satisfactory.

Director Nomination Policy

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

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director 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:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- 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;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

BOARD COMMITTEES *(cont'd)*

Director Nomination Policy *(cont'd)*

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2024, there was no change in the composition of the Board.

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

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

Corporate Governance Functions

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

During the year ended 31 December 2024 and up to the date of this report, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this report.

BOARD COMMITTEES *(cont'd)*

Attendance Records of Directors

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/Number of Meetings					
Name of Directors	**Board**	**Audit and Connected Transactions Review Committee**	**Remuneration Committee**	**Nomination Committee**	**Strategy and ESG Committee**	**General Meeting**
Executive Director						
Dr. Liu, Jun	4/4	–	–	–	1/1	1/1
Non-executive Directors						
Mr. Fu, Shan	4/4	–	–	1/1	1/1	1/1
Ms. Yeh-Huang, Chun-Ying	4/4	–	–	–	1/1	1/1
Dr. Liu, Weidong	4/4	4/4	1/1	–	1/1	1/1
Independent Non-executive Directors						
Ms. Hu, Lan *(resigned on 12 March 2025)*	4/4	4/4	–	1/1	–	1/1
Mr. Chang, Hong-Jen *(resigned on 12 March 2025)*	4/4	4/4	1/1	–	–	1/1
Dr. Wang, De Qian *(resigned on 12 March 2025)*	4/4	–	1/1	1/1	1/1	1/1
Ms. Sun, Hui *(appointed on 12 March 2025)*	N/A	N/A	–	N/A	–	N/A
Mr. Zhang, Qing *(appointed on 12 March 2025)*	N/A	N/A	N/A	–	–	N/A
Dr. Gu, Xuelin *(appointed on 12 March 2025)*	N/A	–	N/A	N/A	N/A	N/A

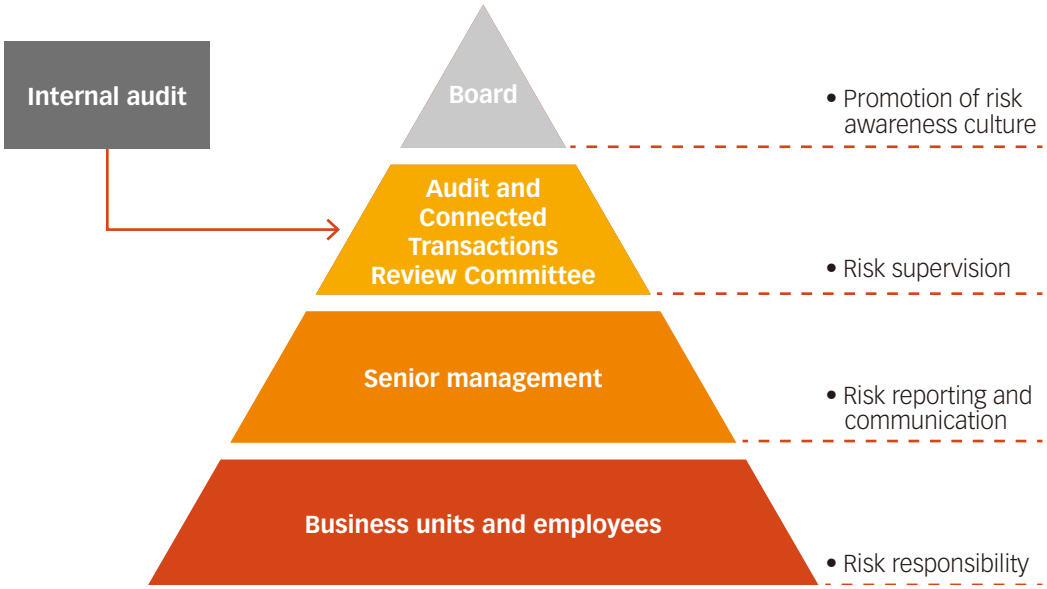
During the year ended 31 December 2024, at least one independent meeting was held between the chairperson and the independent non-executive Directors without the presence of other Directors.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such 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 misstatement or loss.

The Company has established a risk governance structure to identify, evaluate, resolve, monitor and communicate key risks, such as strategic risk, financial risk, operational risk and compliance risk, so as to ensure the effectiveness of its internal risk control.

Based on such risk governance structure, the Company's risk management and internal control systems as well as the roles and responsibilities of various stakeholders are as follows:



The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit and Connected Transactions Review Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has published internal audit standard to comply the code of professional ethics and company regulations. The Company has established an internal audit function to examine key issues in relation to the accounting practices and operations management and provided its findings and recommendations for improvement to the Audit and Connected Transactions Review Committee. In addition, the internal audit manager holds regular meetings with the management team of the Company to enhance the management and risk control in operation processes.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales, intellectual property, production safety, financial reporting, authorization management, information security and information technology.

RISK MANAGEMENT AND INTERNAL CONTROLS *(cont'd)*

The Company conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance, quality control and information security. For a summary of certain principal risks and uncertainties faced by the Group, please see the paragraph headed "Directors' Report – Business Review – Principal Risks and Uncertainties" on pages 57 to 58 of this annual report. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by relevant division/department. The Company is committed to mitigating and assessing its risk management to ensure well risk management and governance.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit and Connected Transactions Review Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit and Connected Transactions Review Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024, and has conducted in-depth communication with the Board and the Audit and Connected Transactions Review Committee on the framework and priorities of the Company's corporate risk management and internal control for 2025.

The Board, as supported by the Audit and Connected Transactions Review Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, as well as staff qualifications, experiences and relevant resources. As of the date of this report, there are no material internal control findings.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policies, signed confidentiality agreements with employees and established information disclosure approval procedures, which together provide a general guide and management principles to the Company's Directors, senior management and relevant employees in handling confidential information, 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.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report on pages 80 to 82 of this annual report.

AUDITORS' REMUNERATION

An analysis of the remuneration paid/payable to PricewaterhouseCoopers, the external auditor of the Company, and other PricewaterhouseCoopers network firms, for the year ended 31 December 2024 is set out below:

Service Category	Fees Paid/Payable (RMB'000)
Audit services	2,728
Non-audit services (including tax and other advisory services)	36
Total	**2,764**

COMPANY SECRETARY

Mr. Chen, Yifan, executive director of the legal compliance and administration department of the Group, and Mr. Lui, Wing Yat Christopher, senior manager of Tricor Services Limited, an external service provider, have been appointed as the Company's joint company secretaries.

Mr. Chen, Yifan has been designated as the primary contact person at the Company which would work and communicate with Mr. Lui, Wing Yat Christopher on the Company's corporate governance and secretarial and administrative matters.

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

For the year ended 31 December 2024, Mr. Chen, Yifan and Mr. Lui, Wing Yat Christopher have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels, such as general meetings, analyst presentations, disclosure pursuant to the Listing Rules, corporate website and social media platforms.

To safeguard shareholder interests and rights, a separate resolution should be proposed for each substantially separate issue at general meetings, including the election of each individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Extraordinary general meetings may be convened by the Board on requisition of shareholder(s) of the Company representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings or by such shareholder(s) who made the requisition (as the case may be) pursuant to sections 566 and 568 respectively of the Companies Ordinance and Article 62 of the Amended and Restated Articles of Association.

Shareholders should follow the requirements and procedures as set out in the Companies Ordinance and the Amended and Restated Articles of Association for convening a general meeting.

SHAREHOLDERS' RIGHTS *(cont'd)*

Putting Forward Proposals at General Meetings

Pursuant to section 615 of the Companies Ordinance, shareholders representing at least 2.5% of the total voting rights of all shareholders; or at least 50 shareholders who have a right to vote at the relevant annual general meeting, may request to circulate a resolution to be moved at an annual general meeting.

Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for circulating a resolution for annual general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and investors. At present, the communication platforms adopted by the Company to solicit and understand the views of shareholders and investors from time to time include annual general meetings and other general meetings, interim and annual reports, announcements, press releases, roadshows, market strategy meetings, investor and analyst presentations, as well as investor open days held by the Company. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year ended 31 December 2024 and up to the date of this report, the Company has held an annual general meeting on 26 June 2024.

The forthcoming annual general meeting will be held in June 2025. The notice of annual general meeting will be sent to shareholders in accordance with the requirements set out in the Listing Rules and the Amended and Restated Articles of Association.

Contact Details

The Company maintains a website (www.totbiopharm.com.cn) where information of the Group's businesses and projects, key corporate governance policies and announcements, financial reports and other information are available for public access. Shareholders and investors may send their enquiries or requests as mentioned above to the following:

Address:	The Secretariat 120 Changyang Street Suzhou Industrial Park PRC
Email:	bod@totbiopharm.com
Telephone:	86-512-6296-5286 Ext.6432

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

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Board reviewed the Group's shareholders and investor engagement and communication activities conducted in 2024 and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy.

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.

Amendments to Constitutional Documents

During the year under review, the Company has not made any changes to its Amended and Restated Articles of Association. An up-to-date version of the Company's Amended and Restated Articles of Association is also available on the Company's website and the Stock Exchange's website.

DIRECTORS' REPORT

The Directors are pleased to present this Directors' Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

Unless otherwise stated, all references below to other sections, reports or notes in this annual report form part of this report.

GENERAL INFORMATION

The Company was incorporated in Hong Kong on 4 December 2009 with limited liability. The Company's Shares were listed on the Main Board of the Stock Exchange on 8 November 2019.

PRINCIPAL ACTIVITIES

The Company is a clinical-stage biopharmaceutical company dedicated to developing and commercializing innovative oncology drugs and therapies. With rich practical experience and a mature technology platform and quality system, we provide one-stop CDMO solutions for drug development and production.

The Group has a pipeline of oncology drug candidates, which include monoclonal antibodies (mAbs) and antibody-drug conjugates (ADCs). Since the Company's inception in 2009, it has built and established a fully integrated in-house platform of discovery, process development, quality management, pre-clinical and clinical development, as well as commercial-scale manufacturing facilities and proven sales and marketing capabilities, which provides flexibility and scalability for business of the Group to expand along the innovative drug industry value chain.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 83 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by section 388(2) of and Schedule 5 to the Companies Ordinance, including an indication of likely future developments of the Group's business and an analysis of the Group's performance using financial key performance indicators during the year ended 31 December 2024 are provided in the sections headed "CEO statement" on pages 3 to 5 of this annual report and "Management discussion and analysis" on pages 6 to 30 of this annual report.

(a) Principal risks and uncertainties

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

- its financial position, in particular its net losses;
- its ability to develop and commercialize its drug candidates, and the commercial sales performance of marketed products;
- material aspects of the research and development and commercialization of its pharmaceutical products being heavily regulated;
- lengthy, time-consuming and inherently unpredictable regulatory approval processes of various regulatory authorities for its drug candidates;

BUSINESS REVIEW *(cont'd)*

(a) Principal risks and uncertainties *(cont'd)*

- competition in the pharmaceutical industry and in the oncology drugs market;
- its ability to obtain and maintain patent protection for its drug candidates; and
- its ability to attract, train, retain and motivate qualified and highly skilled personnel.

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

The Company believes that risk management is essential to the Group's effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. The Audit and Connected Transactions Review Committee and the Company's general management division assist the Board in monitoring material risk exposure arising internally and externally from the Group's business, including operational risks, financial risks, regulatory risks, etc., and proactively setting up appropriate risk management and internal control mechanisms to rectify any deficiencies. The Group's financial risk management objectives and policies are set out in Note 3 to the consolidated financial statements.

(b) Environmental Policies and Performance

The Group recognizes the importance of proper adoption of environmental policies which is essential to the attainability of corporate growth. The management has formulated comprehensive standards for environment, health and safety for the Group based on applicable laws, regulations and standards. The Company's environmental safety and health division is responsible for monitoring the compliance with these standards and reviewing the effectiveness of these standards. In addition, to strengthen its environmental, social, and governance work, to further improve the Company's corporate governance structure and to ensure the Company's sustainable development, among others, the Company established the Strategy and ESG Committee on 23 December 2021. The Group will continue to improve its fulfilment of social responsibility.

Please refer to the section headed "Environmental, Social and Governance Report" prepared in accordance with Appendix C2 to the Listing Rules from pages 157 to 250 of this annual report for detailed discussion on the Company's environmental policies and performance.

(c) Compliance with the Relevant Laws and Regulations

As far as the Board and the 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 31 December 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

BUSINESS REVIEW *(cont'd)*

(d) Employee and Emolument Policies

In compliance with Rule 3.25 of the Listing Rules and the CG Code, the Company has established the Remuneration Committee to formulate remuneration policies. The Remuneration Committee is responsible for developing policies and structure for remuneration of all Directors, senior management and employees including salaries, incentive schemes and other share option schemes, and making recommendation to the Board. The Group believes its success depends upon the provision of consistent, quality and reliable services by its employees and hence its ability to attract, retain and motivate qualified personnel is crucial. To attract high-quality employees, the Group offered competitive compensation packages. The remuneration of the employees of the Group generally includes salaries, bonuses, social security contributions and other welfare payments. In accordance with applicable PRC laws, the Group has made contributions to housing provident funds and contributions to social security insurance funds, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for its employees. In accordance with applicable Taiwan laws, the Group has made contributions to social security insurance funds. Remuneration of each employee varies by functions and titles and their own academic backgrounds, experience, skills, technical knowledge and performance.

In addition, the Group established the Pre-IPO Share Option Scheme in 2013 and has granted options to Directors, senior management and key employees for the primary purpose of providing incentives and reward to its employees. The Group further adopted the 2020 Restricted Share Award Scheme in 2020 and the 2024 Restricted Share Award Scheme in 2024. Please refer to the paragraphs headed "Pre-IPO Share Option Scheme", "2020 Restricted Share Award Scheme" and "2024 Restricted Share Award Scheme" in this report for further details.

The remuneration of all Directors are determined by the Board having regard to the recommendation of the Remuneration Committee and with reference to the Director's contributions, experience and relevant duties and responsibilities within the Company. None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(e) Major Customers and Suppliers

Major Customers

During the year ended 31 December 2024, the Group derived its revenue primarily from sales revenue, revenue for providing CDMO/CMO services, etc.. Equipped with full industry value chain capabilities, the Group adopts an open platform business model and collaborates with third party business partners at different stages of the industry value chain. The full industry value chain capabilities make the Group's open platform attractive to an industry player whose capability in certain parts of the industry value chain is complementary to the Group's.

For the year ended 31 December 2024, revenue from the five largest customers of the Group accounted for less than 30% of the Group's total revenue.

BUSINESS REVIEW *(cont'd)*

(e) Major Customers and Suppliers *(cont'd)*

Major Suppliers and Service Providers

Suppliers of the Group primarily include suppliers of raw materials, CROs, suppliers of machinery and equipment, suppliers of reference drugs, and construction service providers. The Group procures raw materials based on its estimation of the production needs for its research and development activities and commercial production. The Group obtains raw materials for its manufacturing activities from multiple reputable suppliers who the Group believes have sufficient capacity to meet our demands. The Group selects suppliers of raw materials based on a number of factors, including their product quality, price, delivery time and manners and market reputation, and follow the procedures and standards required by law or industry practice. The Group has also established internal procedure and policies to examine the quality of the products of the suppliers before entering into any contract with them. The Group typically orders raw materials on a purchase order basis and does not enter into long-term dedicated capacity or minimum supply arrangements.

In line with industry practice and to supplement the in-house capabilities of the Group, the Group has also engaged certain CROs to conduct preclinical and clinical research. It selects CROs based on various factors, including their quality, reputation and research experience. The Group generally enters into master contract services agreements with the CROs it engages, which include a statement of work specifying the terms of services provided by the CROs, and pays these CROs fixed project-based fees. Under such agreements, all intellectual property rights arising from the performance of the services, including clinical trial data, will be owned by the Group. The Group also requires the CROs to conduct clinical trials in accordance with international good clinical practice (GCP) standards. Typically, the Group requires the CRO personnel handling our clinical trials to hold GCP certification or have GCP training experience.

For the year ended 31 December 2024, purchase amount from the five largest suppliers of the Group accounted for 69% of its total purchase costs and the largest supplier of the Group accounted for 61% of its total purchase costs. At no time during the year ended 31 December 2024 did the Directors, their respective close associates or any shareholder of the Company (who, to the knowledge of the Directors, owned more than 5% of the issued capital of the Company) have any interest in any of the Group's top five suppliers.

(f) Important Events after Reporting Period

Save as otherwise disclosed in this annual report, the Company did not have any important events that should be brought to the attention of the Shareholders from 1 January 2025 and up to the date of this report.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years is set out in the section headed "Five-year financial summary" on page 152 of this annual report. This summary does not form part of the audited consolidated financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 35 to the consolidated financial statements.

The following is the list of directors of the Company's subsidiaries during the year ended 31 December 2024 and up to the date of this report:

Dr. Liu, Jun
Mr. Fu, Shan
Ms. Yeh-Huang, Chun-Ying
Dr. Liu, Weidong
Mr. Wu, Chih-Yuan

DIVIDENDS

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2024 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in Note 24 to the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2024.

DEBENTURE ISSUED

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

RESERVES

Details of movement in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 86 of this annual report and in Notes 25 and 36(a) to the consolidated financial statements.

The Company did not have distributable reserves as at 31 December 2024 calculated under Part 6 of the Companies Ordinance as it has accumulated losses.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2024 are set out in the section headed "Management discussion and analysis" in this annual report and Note 28 to the consolidated financial statements.

DONATIONS

During the year ended 31 December 2024, the Group made donations of approximately RMB80 thousand.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during 2024 or subsisted at the end of 2024 except for the Pre-IPO Share Option Scheme, the 2020 Restricted Share Award Scheme and the 2024 Restricted Share Award Scheme, further details of which are set out in the paragraphs headed "Pre-IPO Share Option Scheme", "2020 Restricted Share Award Scheme" and "2024 Restricted Share Award Scheme" in this report.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 166 of the Company's Amended and Restated Articles of Association, subject to the provisions of the Companies Ordinance, every Director, company secretary or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto.

The Company has purchased directors, company secretary and officers' liabilities insurance on behalf of its directors, Mr. Chen, Yifan and Mr. Lui, Wing Yat Christopher (being current joint company secretaries) and its officers.

DIRECTORS

The following is the list of Directors during the year ended 31 December 2024 and up to the date of this report (unless otherwise stated).

Executive Director

Dr. Liu, Jun *(Chief Executive Officer)*

Non-executive Directors

Mr. Fu, Shan *(Chairperson of the Board)*
Ms. Yeh-Huang, Chun-Ying
(Vice Chairperson of the Board)
Dr. Liu, Weidong

Independent Non-executive Directors

Ms. Hu, Lan
Mr. Chang, Hong-Jen
Dr. Wang, De Qian

No Director had resigned from the office or refused to stand for re-election to the office during the year ended 31 December 2024 and up to the date of this report.

With effect from 12 March 2025, Ms. Hu, Lan, Mr. Chang, Hong-Jen and Dr. Wang, De Qian have resigned from their positions as independent non-executive Directors.

Each of Ms. Sun, Hui, Mr. Zhang, Qing and Dr. Gu, Xuelin, who was appointed by the Board as an independent non-executive Director under Article 110 of the Amended and Restated Articles of Association with effect from 12 March 2025, will hold office until the forthcoming AGM and, being eligible, will offer himself/herself for re-election. Separately, in accordance with Article 111 of the Amended and Restated Articles of Association, Dr. Liu, Jun, Ms. Yeh-Huang, Chun-Ying and Dr. Liu, Weidong will retire from office by rotation at the forthcoming AGM.

Details of the Directors who will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM will be set out in the circular to the Shareholders.

(a) Biographies of the Directors and Senior Management

Brief biographies of the Directors as of 21 March 2025 are set out in the section headed "Biographies of directors and senior management" on pages 31 to 36 of this annual report.

Except as noted in the biographies, none of the Directors have held any other directorships in any listed public companies in the last three years. Further, except as disclosed in the biographies, none of the Directors is connected with any Director, senior management, substantial shareholder or controlling shareholder of the Company and, except as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of Its Associated Corporations" in this report, none of them has any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed in this annual report, there is no information that needs to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules. Save as disclosed in this annual report, there are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS *(cont'd)*

(b) Directors' Service Contracts and Letters of Appointment

Each of the executive Director and non-executive Directors has entered into a service contract or has signed a letter of appointment with the Company, while each of the independent non-executive Directors has signed a letter of appointment with the Company. The term of service of each of Dr. Liu, Jun, Mr. Fu, Shan and Ms. Yeh-Huang, Chun-Ying has been renewed for a fixed term of three years commencing from 12 March 2025. Dr. Liu, Weidong has signed a letter of appointment with the Company for a term of three years commencing from 12 August 2023. Each of Ms. Sun, Hui, Mr. Zhang, Qing and Dr. Gu, Xuelin has signed a letter of appointment with the Company for a term of three years commencing on 12 March 2025.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Amended and Restated Articles of Association of the Company. None of the Directors proposed for re-election at the forthcoming AGM has a service contract with members of the Group that is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

(c) Independence of Independent Non-executive Directors

The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

(d) Directors' Interests in Competing Business

During the year ended 31 December 2024, none of our Directors had any interest in a business, apart from the business of the Group, which competed or was likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

(e) Directors' Interests in Transactions, Arrangements and Contracts of Significance

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries has been a party and in which a Director or an entity connected with a Director is or was materially interested, whether directly or indirectly, subsisted at the end of the year ended 31 December 2024 or at any time during the year.

(f) Directors' Rights to Acquire Shares or Debentures

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

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

As at 31 December 2024, the interests or short positions of the Directors or chief executives of the Company in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in shares or underlying shares of the Company

Name of Director or chief executive	Nature of interest	Number of Shares interested[1]	Approximate percentage of interest in the Company[2]
Dr. Liu, Jun	Interest through equity derivatives[3]	1,100,000 (L)	0.14%
	Beneficiary of a trust[4]	5,699,999 (L)	0.74%
Ms. Yeh-Huang, Chun-Ying	Beneficial owner	5,465,700 (L)	0.71%
	Interest through equity derivatives[3]	1,162,500 (L)	0.15%
	Beneficiary of a trust[4]	2,897,383 (L)	0.37%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 772,787,887 Shares in issue as at 31 December 2024 and rounded off to two decimal places.

(3) These interests represent the interests in Shares underlying the Pre-IPO Share Options (being unlisted physically-settled equity derivatives) held by Dr. Liu, Jun and Ms. Yeh-Huang, Chun-Ying, respectively.

(4) These interests represent the Restricted Award Shares held by Teeroy Limited on trust for Dr. Liu, Jun and Ms. Yeh-Huang, Chun-Ying, respectively.

Save as disclosed above, as at 31 December 2024, so far as it was known to the Directors or chief executives of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, so far as it was known to the Directors or chief executives of the Company, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as disclosed to the Company pursuant to 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:

Interests in shares or underlying shares of the Company

Name of Shareholder	Nature of interest	Number of Shares interested[1]	Approximate percentage of interest in the Company[2]
Center Laboratories, Inc.[3]	Beneficial owner	213,311,700 (L)	27.60%
	Interest in controlled corporation	7,646,300 (L)	0.99%
Mr. Pang Kee Chan Hebert[4]	Interest in controlled corporation	49,136,800 (L)	6.36%
Advantech Capital Partners II Limited[4]	Interest in controlled corporation	49,136,800 (L)	6.36%
Advantech Capital II L.P.[4]	Interest in controlled corporation	49,136,800 (L)	6.36%
Advantech Capital II Master Investment Limited[4]	Interest in controlled corporation	49,136,800 (L)	6.36%
Advantech Capital Investment V Limited[4]	Beneficial owner	49,136,800 (L)	6.36%
Chengwei Evergreen Management, LLC[5]	Interest in controlled corporation	56,573,500 (L)	7.32%
Chengwei Evergreen Capital, L.P.[5]	Beneficial owner	56,573,500 (L)	7.32%
Vivo Capital LLC[6]	Interest in controlled corporation	103,245,000 (L)	13.36%
Vivo Capital VIII, LLC[6]	Interest in controlled corporation	103,245,000 (L)	13.36%
Vivo Capital Fund VIII, L.P.[6]	Beneficial owner	90,718,100 (L)	11.74%
Suzhou Vivo Management Consulting Partnership (Limited Partnership)[7]	Interest in controlled corporation	116,250,000 (L)	15.04%
Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership)[7]	Beneficial owner	116,250,000 (L)	15.04%
Tricor Trust (Hong Kong) Limited[8]	Trustee	38,993,566 (L)	5.05%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(cont'd)*

Interests in shares or underlying shares of the Company *(cont'd)*

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) The calculation is based on the total number of 772,787,887 Shares in issue as at 31 December 2024 and rounded off to two decimal places.

(3) Center Laboratories, Inc. directly held 213,311,700 Shares, and BioEngine Technology Development Inc. directly held 7,646,300 Shares. BioEngine Technology Development Inc. is a company incorporated in Taiwan with limited liability and is a wholly-owned subsidiary of Center Laboratories, Inc.. For the purpose of the SFO, Center Laboratories, Inc. is deemed to have an interest in the Shares held by BioEngine Technology Development Inc..

(4) Advantech Capital Investment V Limited, an exempted company with limited liability incorporated under the laws of Cayman Islands, directly held 49,136,800 Shares. Advantech Capital Investment V Limited is wholly owned by Advantech Capital II Master Investment Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, which is in turn wholly owned by Advantech Capital II L.P., a private equity fund incorporated under the laws of the Cayman Islands. The general partner of Advantech Capital II L.P. is Advantech Capital Partners II Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands. Advantech Capital Partners II Limited is wholly owned by Mr. Pang Kee Chan Hebert. For the purpose of the SFO, Advantech Capital II Master Investment Limited, Advantech Capital II L.P., Advantech Capital Partners II Limited and Mr. Pang Kee Chan Hebert are deemed to have an interest in the Shares held by Advantech Capital Investment V Limited.

(5) Chengwei Evergreen Capital, L.P. directly held 56,573,500 Shares. Chengwei Evergreen Capital, L.P. is a venture capital fund incorporated under the laws of the Cayman Islands. The general partner of Chengwei Evergreen Capital, L.P. is Chengwei Evergreen Management, LLC, a limited liability company incorporated under the laws of the Cayman Islands. For the purpose of the SFO, Chengwei Evergreen Management, LLC is deemed to have an interest in the Shares held by Chengwei Evergreen Capital, L.P..

(6) Vivo Capital Fund VIII, L.P. directly held 90,718,100 Shares, and Vivo Capital Surplus Fund VIII, L.P. directly held 12,526,900 Shares. Both Vivo Capital Fund VIII, L.P. and Vivo Capital Surplus Fund VIII, L.P. (referred to collectively as "**Vivo Capital**") are limited partnerships organized under the laws of the State of Delaware of the United States. The general partner of Vivo Capital is Vivo Capital VIII, LLC, which is registered in the State of Delaware of the United States. Vivo Capital LLC, registered in the State of California of the United States, serves as the management company of Vivo Capital and has a form of advisory agreement with Vivo Capital VIII, LLC. For the purpose of the SFO, Vivo Capital VIII, LLC and Vivo Capital LLC are deemed to have an interest in the Shares held by Vivo Capital.

(7) Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) directly held 116,250,000 Shares. Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) is a limited partnership organized under the laws of the PRC. The general partner of Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) is Suzhou Vivo Management Consulting Partnership (Limited Partnership), which is a limited partnership organized under the laws of the PRC. For the purpose of the SFO, Suzhou Vivo Management Consulting Partnership (Limited Partnership) is deemed to have an interest in the Shares held by Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership).

(8) Tricor Trust (Hong Kong) Limited directly held 38,993,566 Shares as trustee of a trust established by the trust deed dated 29 May 2020 entered into with the Company in connection with the 2020 Restricted Share Award Scheme for the benefit of participants who are not connected persons of the Company.

Save as disclosed above, as at 31 December 2024, no person, other than the Directors or chief executives of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of its Associated Corporations" in this report, had any interests or short positions in the Shares or underlying Shares as disclosed to the Company pursuant to 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.

PRE-IPO SHARE OPTION SCHEME

On 20 February 2013, the Company adopted the Pre-IPO Share Option Scheme with an aim to attract and retain talent necessary for the Group's development, and to incentivize the Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and its Shareholders. The Pre-IPO Share Option Scheme was subsequently amended on 11 December 2017, 20 December 2018, 12 March 2019, 16 April 2019 and 22 July 2019. No further Pre-IPO Share Options may be granted on or after the Listing Date.

The Pre-IPO Share Option Scheme is not subject to the provisions of Chapter 17 of the Listing Rules. For details of the Pre-IPO Share Option Scheme, please refer to pages V-36 to V-47 of the Prospectus and Note 26 to the consolidated financial statements.

Details of the movements of the Pre-IPO Share Options granted under the Pre-IPO Share Option Scheme during the year ended 31 December 2024 are as follows:

				Number of Shares underlying the Pre-IPO Share Options					
Date of grant	Date of vesting	Exercise period	Exercise price (per Share)[1]	Outstanding as at 31 December 2023	Granted (during the year ended 31 December 2024)	Exercised (during the year ended 31 December 2024)	Cancelled (during the year ended 31 December 2024)	Lapsed (during the year ended 31 December 2024)	Outstanding as at 31 December 2024
1. Dr. Liu, Jun (Director)									
25 December 2017	Vested in four equal installments on 1 January 2019, 2020, 2021 and 2022	From the date of vesting till 24 December 2027	Approximately US$0.286	1,000,000	–	–	–	–	1,000,000
21 January 2019	To be vested in five equal installments at the fulfillment of certain R&D targets and the second, third, fourth and fifth anniversaries thereof[2]	From the date of vesting till 20 January 2029	Approximately US$0.286	100,000	–	–	–	–	100,000
2. Ms. Yeh-Huang, Chun-Ying (Director)									
20 February 2013	All vested	Till 19 February 2023	Approximately US$0.286	0	–	–	–	–	0
14 December 2017	Vested in four equal installments at each of the first four anniversaries of the date of grant	From the date of vesting till 13 December 2027	Approximately US$0.286	1,162,500	–	–	–	–	1,162,500

PRE-IPO SHARE OPTION SCHEME *(cont'd)*

Date of grant	Date of vesting	Exercise period	Exercise price (per Share)[1]	Number of Shares underlying the Pre-IPO Share Options				
				Outstanding as at 31 December 2023	Granted (during the year ended 31 December 2024)	Exercised (during the year ended 31 December 2024)	Cancelled (during the year ended 31 December 2024)	Lapsed (during the year ended 31 December 2024)	Outstanding as at 31 December 2024
3. Consultants									
Between 10 February 2018 and 30 January 2019	To be vested from one to six years from the date of grant	Generally, from the date of vesting till the date which is one day preceding the tenth anniversary of the date of grant	Approximately US$0.286	310,000	–	–	–	–	310,000
4. Senior management and other employee grantees									
Between 20 February 2013 and 18 June 2019	Either vested or to be vested from one to six years from the date of grant or to be vested from zero to five years from the fulfillment of certain R&D targets[2]	Generally, from the date of vesting till the date which is one day preceding the tenth anniversary of the date of grant	Approximately US$0.286	5,247,100	–	–	–	–	5,247,100
Total				**7,819,600**	**–**	**–**	**–**	**–**	**7,819,600[3]**

Notes:

(1) The exercise price shall be the highest of the following three values as at the date of the Board's approval of the grant of the respective Pre-IPO Share Options: (i) the net asset value per Share based on the Company's most recent financial statements reviewed by its auditors; (ii) the price per Share in the Company's most recent capital injection; and (iii) US$1.00 per Share (which was the par value of each Share before the Companies Ordinance came into operation on 3 March 2014 and is taken as reference under the Pre-IPO Share Option Scheme), which is subject to adjustment in the event of subdivision, consolidation or reorganization of the Company's share capital. Subject to certain requirements, the exercise price shall be adjusted in accordance with a specified formula in the event of changes to the share capital of the Company. Prior to the listing of the Company's Shares on the Main Board of the Stock Exchange, the exercise price of all Pre-IPO Share Options were adjusted to approximately US$0.286 in accordance with the terms of the Pre-IPO Share Option Scheme. For details, please see pages V-37 to V-38 of the Prospectus.

(2) The fulfillment of the relevant R&D targets occurred on 1 March 2022.

(3) The number of Shares that may be issued in respect of options granted under the Pre-IPO Share Option Scheme of the Company amounted to 7,819,600 Shares, which represents approximately 1.01% of the number of Shares in issue as at the date of this report.

2020 RESTRICTED SHARE AWARD SCHEME

On 29 May 2020, the Company adopted the 2020 Restricted Share Award Scheme with an aim (i) to attract and retain talent necessary for the Group's development, and to incentivize the Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and its Shareholders; and (ii) to compensate participants of the Pre-IPO Share Option Scheme for the dilutive effect of the capitalization issue in connection with the Global Offering on their Pre-IPO Share Options. On the same day, the Company entered into two trust deeds with the respective trustees to constitute the trusts in connection with the 2020 Restricted Share Award Scheme for the purpose of the grant of Restricted Award Shares to selected participants (who may be employees (including Directors) of or consultants to the Group) from time to time. The 2020 Restricted Share Award Scheme was subsequently amended on 29 July 2020, 23 December 2021 and 1 November 2022. The 2020 Restricted Share Award Scheme shall remain valid and effective for a period of 10 years from the date of adoption, and its remaining life as at the date of this report is approximately 5 years.

The aggregate number of Shares which may be allotted and issued to the trustees under the 2020 Restricted Share Award Scheme may not exceed 57,000,000 Shares and the maximum number of Shares which may be granted to a selected participant at any time or in aggregate may not exceed 5,700,000 Shares. Pursuant to the terms of the 2020 Restricted Share Award Scheme, the maximum number of Shares which may be allotted and issued to the trustees under the 2020 Restricted Share Award Scheme during each financial year from 2021 onwards is 14,250,000 Shares. On 23 December 2021, the Board resolved to further amend the terms of the 2020 Restricted Share Award Scheme with regards to unvested Shares (i.e. Restricted Award Shares that have failed to vest or have lapsed in respect of a grantee). Please refer to the Company's announcement dated 23 December 2021 titled "(1) Grant of Award Shares under Restricted Share Award Scheme (2) Issue of New Shares under General Mandate (3) Amendment to Scheme Rules" for further details of the amendment.

On 29 May 2020, following the adoption of the 2020 Restricted Share Award Scheme, the Board resolved to make a grant of 31,413,796 Restricted Award Shares to 84 grantees (including two Directors) under the 2020 Restricted Share Award Scheme; subsequently, on 28 December 2020, 30,466,697 Shares were allotted and issued to the trustees. On 23 December 2021, the Board resolved to make a grant to 28 grantees (not including any Director) involving a total of 13,700,000 Restricted Award Shares; subsequently, on 30 December 2021, 13,700,000 Shares were allotted and issued to the relevant trustee. On 1 November 2022, the Board resolved to make a further grant to 8 grantees (including Dr. Liu, Jun, our executive Director) involving a total of 7,558,390 Restricted Award Shares; subsequently, on 30 December 2022, 7,558,390 Shares were allotted and issued to the relevant trustees.

As at 31 December 2024, the remaining number of Shares capable of being allotted and issued to the trustees under the 2020 Restricted Share Award Scheme was 5,274,913 Shares, representing approximately 0.68% of the number of Shares in issue as at the date of this report (31 December 2023: 5,274,913 Shares), and the number of unvested Shares held by Tricor Trust (Hong Kong) Limited and capable of being reallocated to other non-connected person grantees under the 2020 Restricted Share Award Scheme was 13,141,591 Shares (31 December 2023: 12,141,591 Shares). Nonetheless, as the transitional arrangements set out in the "Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment" published by the Stock Exchange on 29 July 2022, which would allow grants involving new Shares to be made under the 2020 Restricted Share Award Scheme, has already ended, the Company intends to grant Share-based incentives under the newly adopted 2024 Restricted Share Award Scheme (but not the 2020 Restricted Share Award Scheme) going forward. Therefore, the aforesaid remaining number of Shares capable of being allotted and issued to the trustees will not be utilized, while the aforesaid number of unvested Shares capable of being reallocated to other non-connected person grantees may be migrated to the 2024 Restricted Share Award Scheme for satisfying grants thereunder.

For further details of the 2020 Restricted Share Award Scheme, please refer to pages 8 to 21 of the Company's circular dated 3 August 2020, its announcement dated 23 December 2021 titled "(1) Grant of Award Shares under Restricted Share Award Scheme (2) Issue of New Shares under General Mandate (3) Amendment to Scheme Rules", its announcement dated 1 November 2022 titled "(1) Grant of Award Shares under Restricted Share Award Scheme (2) Connected Transaction Involving Issue of New Shares under Specific Mandate to Trustee Holding Shares on Trust for Connected Persons (3) Issue of New Shares under General Mandate to Trustee Holding Shares on Trust for Non-connected Persons (4) Housekeeping Amendments to Scheme Rules", its circular dated 8 December 2022 titled "Grant of Award Shares under Restricted Share Award Scheme Involving Issue of New Shares under Specific Mandate, Connected Transaction Involving Issue of New Shares to Trustee Holding Shares on Trust for Connected Persons, and Notice of Extraordinary General Meeting" and Note 26 to the consolidated financial statements.

2020 RESTRICTED SHARE AWARD SCHEME *(cont'd)*

Details of the movements of the Restricted Award Shares granted under the 2020 Restricted Share Award Scheme during the year ended 31 December 2024 are as follows:

			Number of Restricted Award Shares						
Trustee	Date of grant	Grant consideration (per Share)[1][2]	Outstanding as at 31 December 2023	Granted, and allotted and issued to trustees (during the year ended 31 December 2024)	Vested	Lapsed	Outstanding as at 31 December 2024	Earliest vesting date[1]	Expiry date
1. Dr. Liu, Jun (Director)									
Teeroy Limited	29 May 2020	US$0.28634	623,093	–	–	–	623,093	1 January 2019	24 December 2027
		US$0.28634	623,093	–	–	–	623,093	1 January 2020	24 December 2027
		US$0.28634	623,093	–	–	–	623,093	1 January 2021	24 December 2027
		US$0.28634	623,093	–	–	–	623,093	1 January 2022	24 December 2027
		US$0.28634	49,848	–	–	–	49,848	The date of the fulfillment of certain R&D targets[3]	20 January 2029
		US$0.28634	49,848	–	–	–	49,848	The second anniversary of the fulfillment of certain R&D targets[3]	20 January 2029
		US$0.28634	49,847	–	–	–	49,847	The third anniversary of the fulfillment of certain R&D targets[3]	20 January 2029
		US$0.28634	49,847	–	–	–	49,847	The fourth anniversary of the fulfillment of certain R&D targets[3]	20 January 2029
		US$0.28634	49,847	–	–	–	49,847	The fifth anniversary of the fulfillment of certain R&D targets[3]	20 January 2029
	1 November 2022	HK$0.6	1,035,436	–	–	–	1,035,436	The later of 31 March 2023 and the date of the fulfillment of certain R&D targets[3]	The date of the termination of the 2020 Restricted Share Award Scheme (currently expected to be 28 May 2030)
		HK$0.6	1,183,356	–	–	–	1,183,356	The later of 31 March 2024 and the date of the fulfillment of certain R&D targets[3]	The date of the termination of the 2020 Restricted Share Award Scheme (currently expected to be 28 May 2030)
		HK$0.6	739,598	–	–	–	739,598	The later of 31 March 2025 and the date of the fulfillment of certain R&D targets[3]	The date of the termination of the 2020 Restricted Share Award Scheme (currently expected to be 28 May 2030)
			5,699,999	–	–	–	5,699,999		

2020 RESTRICTED SHARE AWARD SCHEME *(cont'd)*

Trustee	Date of grant	Grant consideration (per Share)[1][2]	Number of Restricted Award Shares: Outstanding as at 31 December 2023	Granted, and allotted and issued to trustees (during the year ended 31 December 2024)	Vested	Lapsed	Outstanding as at 31 December 2024	Earliest vesting date[1]	Expiry date
2. Ms. Yeh-Huang, Chun-Ying (Director)									
Teeroy Limited	29 May 2020	US$0.28634	965,795	–	–	–	965,795	14 December 2019	13 December 2027
		US$0.28634	965,794	–	–	–	965,794	14 December 2020	13 December 2027
		US$0.28634	965,794	–	–	–	965,794	14 December 2021	13 December 2027
			2,897,383	–	–	–	2,897,383		
3. Consultants									
Tricor Trust (Hong Kong) Limited	29 May 2020	US$0.28634	772,634	–	–	–	772,634	Various dates, from the date of grant up to 30 January 2025	Various dates
			772,634	–	–	–	772,634		
4. Senior management and other employee grantees									
Tricor Trust (Hong Kong) Limited	29 May 2020	US$0.28634	11,439,341	–	–	–	11,439,341	Various dates, some of which are linked to the fulfillment of certain R&D targets[3]	Various dates
	23 December 2021	HK$0.6	10,040,000	–	–	–	10,040,000	Various dates, which are linked to the fulfillment of certain business and R&D targets[4]	28 May 2030
	1 November 2022	HK$0.6	4,600,000	–	–	1,000,000	3,600,000	Various dates, which are linked to the fulfillment of a performance target relating to the CDMO/CMO business of the Group[5]	The date of the termination of the 2020 Restricted Share Award Scheme (currently expected to be 28 May 2030)
			26,079,341	–	–	1,000,000	25,079,341		
Total			**35,449,357**	**–**	**–**	**1,000,000**	**34,449,357[6]**		

Notes:

(1) Pursuant to the scheme rules, the grant consideration is to be paid by a selected participant to the Company as a condition to the vesting of his/her Restricted Award Shares on or after the relevant vesting date, but not when the Restricted Award Shares are allotted and issued to the relevant trustee. The exact vesting date in respect of a Restricted Award Share is subject to the receipt of the full amount of the grant consideration by the Company in respect of such Restricted Award Share from the relevant selected participant. There is no restriction on when a selected participant is required to pay the grant consideration to the Company in order to have his/her Restricted Award Shares vested.

(2) The grant consideration (per Share) for each grant was determined primarily with reference to (i) for the grant made on 29 May 2020, the exercise price of the Pre-IPO Share Options; and (ii) for the grants made on 23 December 2021 and 1 November 2022, a balance being struck between the intended effect of the grant in terms of talent retention and incentivization and the expected profit and loss impact of such grant on the Group.

(3) The fulfillment of the relevant R&D targets occurred on 1 March 2022.

(4) The fulfillment of the relevant business and R&D targets occurred on 16 March 2024.

(5) The fulfillment of the relevant performance target occurred on 12 March 2025.

(6) The 34,449,357 Restricted Award Shares which were outstanding as at 31 December 2024 have already been allotted and issued to the relevant trustees at various dates shortly after the relevant date of grant.

2024 RESTRICTED SHARE AWARD SCHEME

On 29 May 2024, the Company announced the proposed adoption of the 2024 Restricted Share Award Scheme with an aim (i) to attract and retain talent necessary for the Group's development, and to incentivize the Group's employees and enhance their cohesion and productivity, thereby creating value for the Company and its Shareholders; and (ii) to provide the Company with the flexibility of granting Share-based incentives with existing Shares in addition to new Shares to be allotted and issued (but not only new Shares to be allotted and issued, as in the case of the 2020 Restricted Share Award Scheme), thereby reducing the dilution to the Company's share capital and enabling Share-based incentives to be granted more efficiently. On 26 June 2024, the 2024 Restricted Share Award Scheme was approved and adopted by ordinary resolutions passed by the Shareholders at the annual general meeting of the Company. The 2024 Restricted Share Award Scheme shall remain valid and effective for a period of 10 years from the date of adoption, and its remaining life as at the date of this report is approximately 9 years.

The aggregate number of Shares which may be granted under the 2024 Restricted Share Award Scheme may not exceed 77,278,788 Shares, representing approximately 10.00% of the number of Shares in issue as at the date of this report. Pursuant to the terms of the 2024 Restricted Share Award Scheme, (i) the maximum number of Shares which may be issued in respect of all awards to be granted to service provider participants must not in aggregate exceed 3,863,939 Shares; and (ii) unless the relevant grant is separately approved by Shareholders in general meeting, (1) no award shall be granted to any selected participant at any one time or in aggregate which would result in the total number of Shares issued and to be issued in respect of all options or awards granted and proposed to be granted to such selected participant in any 12-month period up to and including the date of such grant to exceed 7,727,878 Shares; (2) no award shall be granted to any selected participant who is a Director (other than an independent non-executive Director) or chief executive of the Company or any of their associates which would result in the total number of the Shares issued and to be issued in respect of all awards already granted or to be granted to such selected participant in the 12-month period up to and including the date of such grant in aggregate to exceed 772,787 Shares; and (3) no award shall be granted to any selected participant who is an independent non-executive Director or a substantial shareholder of the Company or any of their respective associates which would result in the total number of the Shares issued and to be issued in respect of all options and awards already granted or to be granted to such selected participant in the 12-month period up to and including the date of such grant in aggregate to exceed 772,787 Shares.

As at 31 December 2024, no award had been granted under the 2024 Restricted Share Award Scheme, and hence all of the aforesaid scheme limits remained unused and unchanged.

For further details of the 2024 Restricted Share Award Scheme, please refer to pages 12 to 25 of the Company's circular dated 30 May 2024.

CONNECTED TRANSACTION

During the year ended 31 December 2024 and up to the date of this report, the Group had not entered into any connected transaction or continuing connected transaction which has to be disclosed in accordance with Chapter 14A of the Listing Rules.

Related Party Transactions

Details of the related party transactions for the year ended 31 December 2024 are set out in Note 34 to the consolidated financial statements. None of the related party transactions as disclosed in Note 34 to the consolidated financial statements constitute connected transaction or continuing connected transaction of the Group which has to be disclosed in accordance with Chapter 14A of the Listing Rules.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

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

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, Centerlab executed a deed of non-competition in favour of the Company on 25 October 2019 (the "**Deed of Non-Competition**"), pursuant to which Centerlab has undertaken to the Group that for the duration of the Non-Compete Period (as defined below), it shall not, and shall use its best endeavors to procure that its respective close associates will not, solely or jointly or in cooperation with other parties, without the prior written consent of the Company: (a) hold and/or be interested in, either directly or indirectly, any shares or securities or interest in any company or other entity whose business primarily involves, directly or indirectly, research and development of innovative antitumor drugs (other than through contracting the Group to develop such drugs in transactions in compliance with the Listing Rules) (the "**Restricted Business**") in the PRC (the "**Restricted Region**"); or (b) otherwise engage or be involved in any Restricted Business in the Restricted Region (the "**Non-Competition Undertakings**").

The undertakings given by Centerlab under the Deed of Non-Competition are effective from the Listing Date and terminate on the earliest of: (i) the date on which Centerlab ceases to be a substantial shareholder of the Company as defined in the Listing Rules; (ii) the date on which the Shares cease to be listed on the Stock Exchange; and (iii) the date on which the Group ceases to engage in the Restricted Businesses (the "**Non-Compete Period**").

Centerlab has confirmed in writing to the Company of its compliance with the Non-Competition Undertakings for the year ended 31 December 2024.

The independent non-executive Directors have reviewed the implementation of the Non-Competition Undertakings and confirmed that, as far as they can ascertain, the Non-Competition Undertakings were complied with by Centerlab for the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company, as required to be disclosed under section 543 of the Companies Ordinance, was entered into or existed during the year ended 31 December 2024.

MATERIAL LITIGATION

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

USE OF NET PROCEEDS FROM THE SUBSCRIPTIONS

On 31 May 2022, the Company entered into subscription agreements with Centerlab and Vivo Suzhou Fund respectively, pursuant to which Centerlab and Vivo Suzhou Fund conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue to them a total of 150,000,000 shares (the "**Subscription Shares**") at the subscription price of HKD3.15 per share (the "**Subscriptions**").

The subscription agreements and transactions contemplated thereunder were subject to, among other things, the approval by the independent shareholders of the Company at the extraordinary general meeting held on 22 July 2022, and the Listing Committee of the Stock Exchange approving the listing of, and the permission to deal in, the Subscription Shares.

On 29 July 2022, all conditions precedent under each of the subscription agreements were satisfied and completion of the Subscriptions took place in full, pursuant to which (i) Centerlab was allotted and issued 33,750,000 shares; and (ii) Vivo Suzhou Fund was allotted and issued 116,250,000 shares.

The gross proceeds from the Subscriptions were approximately HKD472,500,000 (equivalent to approximately RMB405,788 thousand), and the net proceeds from the Subscriptions after the deduction of the relevant fees and expenses were approximately HKD471,116,000 (equivalent to approximately RMB404,593 thousand) (the "**Net Proceeds**").

Details of the Subscriptions were set out in the announcements of the Company dated 31 May 2022, 22 June 2022, 30 June 2022 and 29 July 2022 and the circular of the Company dated 5 July 2022 (the "**Circular**").

On 15 March 2024, the Board resolved to change the proposed applications of a certain portion of the then unused Net Proceeds (the "**2024 Re-allocation**"). Details of the 2024 Reallocation were set out in the section headed "Other Information – Use of Net Proceeds from the Subscriptions and Change in Use of Unused Net Proceeds" in the 2023 annual results announcement of the Company dated 15 March 2024.

During the year ended 31 December 2024, part of the Net Proceeds were utilized in accordance with the proposed applications as set out in the paragraph headed "Letter from the Board – Connected Transactions Involving the Subscriptions – Use of Proceeds" in the Circular (as amended by 2024 Re-allocation).

During the year ended 31 December 2024, such Net Proceeds amounting to approximately RMB72,132 thousand were used, and the unused amount of the Net Proceeds was approximately RMB38,224 thousand as at 31 December 2024. The unused Net Proceeds were kept by the Group as deposits with licensed commercial banks.

USE OF NET PROCEEDS FROM THE SUBSCRIPTIONS *(cont'd)*

As disclosed in the Company's 2024 annual results announcement dated 11 March 2025, in line with the Company's strategic planning and focus on core business operations, the Board resolved on 11 March 2025, to reallocate a portion (being RMB10,000 thousand) of the unused net proceeds originally designated for ongoing and planned pre-clinical and clinical trials of TAE020 (new target ADC, acute myeloid leukemia) and TAC020 (new target mAb/recombinant protein, various solid tumors) to other purposes as set out in the table below (the "**2025 Re-allocation**"). The Board confirms that there are no material changes in the nature of the business of the Group and considers that the 2025 Re-allocation will not have any material adverse impact on the existing business and operations of the Group and is in the best interests of the Company and its shareholders as a whole. Save as the 2025 Re-allocation, the Board confirms that there are no other changes to the use of the unused Net Proceeds.

Purpose	Net Proceeds allocated based on the Circular *(RMB'000)*	Used during the year ended 31 December 2024 *(RMB'000)*	Unused amount as at 31 December 2024 before the 2025 Re-allocation *(RMB'000)*	Unused amount as at 31 December 2024 after the 2025 Re-allocation *(RMB'000)*	Expected timing for the full utilization of the unused amount (taking into account the 2025 Re-allocation)
To fund ongoing and planned pre-clinical and clinical trials of TAE020 (new target ADC, acute myeloid leukemia) and TAC020 (new target mAb/recombinant protein, various solid tumors)	32,448	6,736	14,894	4,894	By 31 December 2026
For the continuous development of the Company's antibody and conjugation technology platform				10,000	By 31 December 2026

USE OF NET PROCEEDS FROM THE SUBSCRIPTIONS *(cont'd)*

A breakdown of the use of the Net Proceeds during the year ended 31 December 2024 and an expected timeline as at the date of this report for the use of the unused portion (taking into account the 2025 Re-allocation) are set forth as follows:

Purpose		Allocated percentage based on the Circular	Net Proceeds allocated based on the Circular *(RMB'000)*	Unused amount as at 31 December 2023 after the 2024 Re-allocation *(RMB'000)*	Used during the year ended 31 December 2024 *(RMB'000)*	Unused amount as at 31 December 2024 after the 2025 Re-allocation *(RMB'000)*	Expected timing for the full utilization of the unused amount (taking into account the 2025 Re-allocation)
(1)	For capital expenditure on the construction of Global Research and Development Service Center and upgrade of production workshops to expand production capacity and to enhance production efficiency.	35%	141,608	50,428	50,428	–	–
(2)	For the ongoing development of products, of which:	25%:	101,148	48,607	10,383	28,224	
	(a) For the Phase III clinical trial of TAA013(anti-HER2 ADC, HER2+ advanced breast cancer) and the subsequent matters in connection therewith;	(a) 15.73%	63,643	11,977	2,542	9,435	31 December 2026
	(b) To fund ongoing and planned pre-clinical and clinical trials of TAE020 (new target ADC, acute myeloid leukemia) and TAC020 (new target mAb/recombinant protein, various solid tumors);	(b) 8.02%	32,448	21,630	6,736	4,894	31 December 2026
	(c) To fund clinical trials, registration and filing for approval, as well as post-registration research and development of other drug candidates in the pipeline; and	(c) 1.25%	5,057	–	–	–	–
	(d) For the continuous optimization of launched products.	–	–	15,000	1,105	13,895	31 December 2025
(3)	For the ongoing development and support of CDMO and CMO business.	20%	80,919	–	–	–	–
(4)	For commercial production, marketing and sales activities of three products with marketing approvals obtained, namely TAB008, TOZ309 and TOM218.	10%	40,459	–	–	–	–
(5)	For working capital and other general corporate purposes.	10%	40,459	11,321	11,321	–	–
(6)	For the continuous development of the Company's antibody and conjugation technology platform.	–	–	–	–	10,000	31 December 2026
Total[1]		**100%**	**404,593**	**110,356**	**72,132**	**38,224**	

Note:

(1) Amounts and percentage figures included in this table have been subject to rounding. Accordingly, figures shown as totals in this table may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

PUBLIC FLOAT

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group does not have other plans for material investments and capital assets.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate governance report" of this annual report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held in June 2025. A notice convening the AGM and setting out the arrangements in relation to the closure of register of members will be published in due course in accordance with the requirements of the Listing Rules.

REVIEW BY AUDIT AND CONNECTED TRANSACTIONS REVIEW COMMITTEE

The Audit and Connected Transactions Review Committee has reviewed the financial reporting processes, risk management and internal control systems of the Group and the consolidated financial statements of the Group for the year ended 31 December 2024, and is of the opinion that these statements have complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosure has been made.

AUDITOR

The consolidated financial statements of the Group have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution to re-appoint PricewaterhouseCoopers and to authorise the Directors to fix its remuneration will be proposed at the AGM.

TREASURY SHARE REGIME

During the year ended 31 December 2024 and up to the date of this report, the treasury share regime under the Companies Ordinance applicable to listed companies incorporated in Hong Kong had not commenced operation. Therefore, insofar as this report is concerned, disclosure requirements under the Listing Rules in relation to treasury shares are not applicable to the Company.

By the order of the Board
Dr. Liu, Jun
Chief Executive Officer and Executive Director

Hong Kong
11 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of TOT BIOPHARM International Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of TOT BIOPHARM International Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 83 to 151, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

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 MATTERS *(cont'd)*

The key audit matter identified in our audit is summarised as follows:

- Revenue recognition: sales of goods

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition: sales of goods Refer to note 5 (Segment and revenue information) to the consolidated financial statements. For the year ended 31 December 2024, the Group recognised RMB877,410,000 of revenue from sales of goods, representing 80% of the total revenue. Revenue from sales of goods is recognised at a point in time, and the performance obligations are satisfied when the control of products are transferred to the customers. We considered the recognition of revenue from sales of goods as a key audit matter due to the huge volume of sales transactions, and thus significant audit time and resources were devoted in this area, in particular relating to the occurrence of such transactions.	Our procedures performed in relation to revenue recognition of sales of goods mainly include the following: • Understood, evaluated and validated management's key controls in respect of the Group's process of recognition of sales transactions, including contract approval, recording of sales based on contract terms, and customers' goods receipt notes; • Tested the revenue for selected samples by examination of the relevant supporting documents, including sales orders, invoices, goods delivery notes and customer's receipt notes to revenue recorded; • Confirmed selected trade receivables balances as at the balance sheet date on a sample basis by considering the amount, nature and characteristics of the customers; and • Performed cut-off test to assess whether revenue was recognised in the correct reporting periods. Based on our audit procedures performed, we found the Group's revenue recognition in relation to sales of goods was supported by the relevant evidence that we have gathered.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and 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.

The Audit Committee is 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. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Tsun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	**1,098,329**	780,629
Cost of revenue	6	**(315,897)**	(206,643)
Research and development expenses	6	**(79,313)**	(103,890)
Selling expenses	6	**(606,711)**	(441,019)
General and administrative expenses	6	**(81,375)**	(68,310)
Net impairment gains/(losses) on financial and contract assets	3.1.2	**8,005**	(11,481)
Other income – net	9	**18,216**	17,654
Operating profit/(loss)		**41,254**	(33,060)
Finance income	10	**3,383**	2,974
Finance costs	10	**(9,880)**	(5,175)
Finance costs – net	10	**(6,497)**	(2,201)
Share of net loss of the joint venture accounted for using the equity method	11	**–**	(2,495)
Profit/(loss) before income tax		**34,757**	(37,756)
Income tax expense	12	**–**	(1)
Profit/(loss) for the year		**34,757**	(37,757)
Profit/(loss) is attributable to:			
Equity holders of the Company		**34,757**	(37,757)
Non-controlling interests		**–**	–
		34,757	(37,757)
Other comprehensive income:			
Exchange difference on translation	25	**2,199**	1,737
Other comprehensive income for the year		**2,199**	1,737
Total comprehensive income/(loss) for the year		**36,956**	(36,020)
Total comprehensive income/(loss) for the year is attributable to:			
Equity holders of the Company		**36,956**	(36,020)
Non-controlling interests		**–**	–
		36,956	(36,020)
Earnings/(Loss) per share for the year and attributable to the equity holders of the Company			
– Basic and diluted earnings/(loss) per share (RMB)	13	**0.05**	(0.05)

The above consolidated statement of comprehensive income/(loss) should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2024

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**722,586**	695,804
Prepayments for property, plant and equipment	14	**1,564**	1,803
Intangible assets	15	**7,042**	8,839
Investment properties	16	**2,385**	2,785
Right-of-use assets	17	**13,968**	14,258
Other non-current assets	21	**17,950**	9,437
		765,495	732,926
Current assets			
Inventories	19	**108,661**	126,009
Other current assets	21	**21,275**	49,410
Trade and other receivables	20	**157,278**	88,152
Prepayments	21	**22,269**	18,715
Contract assets	5	**36,200**	54,916
Restricted cash	22	**16,338**	4,373
Cash and cash equivalents	22	**381,256**	351,600
		743,277	693,175
Total assets		**1,508,772**	1,426,101
EQUITY			
Share capital	24	**2,297,499**	2,297,499
Other reserves	25	**80,684**	72,472
Accumulated losses		**(1,648,528)**	(1,683,285)
Total equity		**729,655**	686,686

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	**324,425**	302,685
Lease liabilities	30	**177**	194
Other non-current liabilities	31	**39,152**	54,050
		363,754	356,929
Current liabilities			
Borrowings	28	**69,588**	41,600
Trade and other payables	29	**310,370**	322,934
Contract liabilities	5	**29,410**	12,063
Lease liabilities	30	**1,278**	1,172
Other current liabilities	31	**4,717**	4,717
		415,363	382,486
Total liabilities		**779,117**	739,415
Total equity and liabilities		**1,508,772**	1,426,101
Net current assets		**327,914**	310,689
Total assets less current liabilities		**1,093,409**	1,043,615

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 83 to 151 were approved by the Board of Directors on 11 March 2025 and were signed on its behalf.

Mr. Liu, Jun
Director

Mr. Fu, Shan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Attributable to equity holders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000		
Balance at 1 January 2024		**2,297,499**	**72,472**	**(1,683,285)**	**686,686**	**–**	**686,686**
Income for the year		**–**	**–**	**34,757**	**34,757**	**–**	**34,757**
Other comprehensive income	25	**–**	**2,199**	**–**	**2,199**	**–**	**2,199**
Total comprehensive income		**–**	**2,199**	**34,757**	**36,956**	**–**	**36,956**
Transactions with owners							
Share-based compensation expense	26	**–**	**6,013**	**–**	**6,013**	**–**	**6,013**
Total transactions with owners		**–**	**6,013**	**–**	**6,013**	**–**	**6,013**
Balance at 31 December 2024		**2,297,499**	**80,684**	**(1,648,528)**	**729,655**	**–**	**729,655**
Balance at 1 January 2023		2,297,499	61,911	(1,645,528)	713,882	1,557	715,439
Loss for the year		–	–	(37,757)	(37,757)	–	(37,757)
Other comprehensive loss	25	–	1,737	–	1,737	–	1,737
Total comprehensive loss		–	1,737	(37,757)	(36,020)	–	(36,020)
Transactions with owners							
Share-based compensation expense	26	–	10,643	–	10,643	–	10,643
Acquisition of equity interests in a subsidiary from non-controlling interests		–	(1,819)	–	(1,819)	(1,557)	(3,376)
Total transactions with owners		–	8,824	–	8,824	(1,557)	7,267
Balance at 31 December 2023		2,297,499	72,472	(1,683,285)	686,686	–	686,686

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Net cash generated from operations	32(a)	**113,020**	53,458
Interest received		**3,383**	2,974
Income tax paid		**–**	(1)
Net cash generated from operating activities		**116,403**	56,431
Cash flows from investing activities			
Purchase of property, plant and equipment		**(122,795)**	(197,281)
Purchase of intangible assets	16	**(779)**	(5,919)
Proceeds from disposal of property, plant and equipment	32(b)	**964**	480
Proceeds from disposal of interests in joint venture		**105**	3,000
Investment in financial assets at fair value through profit or loss	18	**–**	(280,000)
Proceeds from disposal of financial assets at fair value through profit or loss	18	**–**	321,215
Cash injection into a joint venture	11	**–**	(5,600)
Net cash used in investing activities		**(122,505)**	(164,105)
Cash flows from financing activities			
Proceeds from bank borrowings	32(c)	**267,823**	132,152
Repayment of bank borrowings	32(c)	**(218,095)**	(75,500)
Interest paid		**(14,212)**	(12,613)
Payment of lease liabilities	32(c)	**(1,333)**	(2,438)
Acquisition of equity interests from non-controlling interests	25	**–**	(3,376)
Net cash generated from financing activities		**34,183**	38,225
Net increase/(decrease) in cash and cash equivalents		**28,081**	(69,449)
Cash and cash equivalents at beginning of the year		**351,600**	417,769
Effects of exchange rate changes on cash and cash equivalents		**1,575**	3,280
Cash and cash equivalents at end of the year	22	**381,256**	351,600

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

TOT BIOPHARM International Company Limited (the "Company") was incorporated in Hong Kong on 4 December 2009 as a company with limited liability under the Hong Kong Law. The address of its registered office is Room 1918, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are primarily engaged in research and development ("R&D"), manufacturing, and marketing of anti-tumor drugs, contract development and manufacturing organization ("CDMO")/contract manufacture organization ("CMO") business and license-out of self-developed biological drugs in the People's Republic of China (the "PRC").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 November 2019.

These financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

2.1 Basis of preparation

2.1.1 Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622.

2.1.2 Historical cost convention

The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(cont'd)*

2.1 Basis of preparation *(cont'd)*

2.1.3 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Standards	Key requirements	Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.1.4 New standards and interpretations not yet adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the period are as follows:

Standards	Key requirements	Effective for accounting periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the related impact of the above standards and amendments to standards which are relevant to the Group's operation.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group's financial performance and position.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is USD. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency.

Certain bank balances and cash, trade receivables and other receivables, contract assets 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 recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group has entities operating in USD, New Taiwan Dollars ("NTD") and RMB, and the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

Most of the Group entities' functional currency is RMB since majority of the revenues of these entities are derived from operations in Mainland China. Foreign exchange risk arises from recognised assets or liabilities, such as trade and other receivables (Note 20), cash and cash equivalents (Note 22) and trade and other payables (Note 29), part of which are denominated in HKD, USD and NTD. If the HKD strengthened/weakened by 5% against the RMB with all other variables held constant, net gain for the year ended 31 December 2024 would have been RMB1,188,000 higher/lower (2023: net loss would have been RMB1,145,000 lower/higher). If the USD strengthened/weakened by 5% against the RMB with all other variables held constant, net gain for the year ended 31 December 2024 would have been RMB325,000 higher/lower (2023: net loss would have been RMB311,000 lower/higher). The NTD strengthened/weakened by 5% against the RMB with all other variables held constant has no impact on the Group's net gain for the year ended 31 December 2024 (2023: net loss would have been RMB467,000 lower/higher).

(b) Price risk

As at 31 December 2024, the Group had no financial assets at fair value through other comprehensive income (2023:Nil).

3 FINANCIAL RISK MANAGEMENT *(cont'd)*

3.1 Financial risk factors *(cont'd)*

3.1.1 Market risk (cont'd)

(c) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk.

The Group has not hedged its cash flow or fair value interest rate risk. As at 31 December 2024, the Group's borrowings at floating rate and fixed rate amounted to approximately RMB363,013,000 and RMB31,000,000 respectively. (2023: RMB313,285,000 and RMB31,000,000)

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

As at 31 December 2024, if the interest rates on borrowings at floating rates had been 10% higher/lower with all other variables held constant, the Group's gain/loss before income tax for the year would have been lower/higher by approximately RMB882,000 (2023: RMB495,000), mainly as a result of higher/lower interest expenses on borrowings.

3.1.2 Credit risk

Credit risk arises from cash and cash equivalents, financial assets at amortised cost, deposits with banks and financial institutions, as well as credit exposures to wholesale customers and CDMO/CMO customers, including outstanding receivables.

(a) Trade receivables and contract assets

According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Credit risk mainly arises from credit exposure from sales of goods and CDMO/CMO services, and credit terms mainly less than one year. Management makes periodic assessments as well as individual assessment on the recoverability based on historical settlements records and experience and adjusts for forward-looking information.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected loss rates are based on the historical payment profiles, historical credit loss rates by individual and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance for trade receivables (including long-term trade receivables) as at 31 December 2024 was RMB1,451,000 (2023: RMB175,000), and the loss allowance provision for contract assets as at 31 December 2024 was RMB158,000 (2023: RMB104,000).

3 FINANCIAL RISK MANAGEMENT *(cont'd)*

3.1 Financial risk factors *(cont'd)*

3.1.2 Credit risk (cont'd)

(b) Cash and cash equivalents, other receivables and other non-current assets

To manage this risk, cash and cash equivalents is mainly placed or invested with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no history of default in the recent years in relation to these financial institutions and accordingly no loss allowance provision was recognized. Management makes periodic assessments as well as individual assessment on the recoverability based on historical settlements records and past experience and adjusts for forward-looking information. Long-term receivables in other non-current assets are long-term deposits in supplier. Management has assessed that during the year, other receivables and long-term receivables in other non-current assets had a increase in credit risk. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management.

During the year, the following (gains)/losses were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Impairment (gains)/losses		
– movement in loss allowance for trade receivables and contract assets	**1,048**	(318)
Impairment (reversal)/losses on other receivables (Note 20)	**(2,150)**	4,614
Impairment (reversal)/losses on long – term trade receivables and deposits (Note 21)	**(6,903)**	7,185
	(8,005)	11,481

3 FINANCIAL RISK MANAGEMENT *(cont'd)*

3.1 Financial risk factors *(cont'd)*

3.1.3 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2024

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Trade and other payables (i) (Note 29)	**274,337**	**–**	**–**	**–**
Other non-current liabilities (i) (Note 31)	**–**	**4,000**	**–**	**31**
Borrowings (including interest payables) (Note 28)	**81,521**	**85,746**	**102,104**	**183,570**
Lease liabilities (including interest payables) (Note 30)	**1,303**	**191**	**–**	**–**
	357,161	**89,937**	**102,104**	**183,601**

As at 31 December 2023

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Trade and other payables (i) (Note 29)	292,023	–	–	–
Other non-current liabilities (i) (Note 31)	–	–	4,000	6,031
Borrowings (including interest payables) (Note 28)	53,748	104,412	142,290	89,303
Lease liabilities (including interest payables) (Note 30)	1,176	210	–	–
	346,947	104,622	146,290	95,334

(i) The amounts disclosed for the trade and other payables, other non-current liabilities exclude staff salaries and welfare payables, refund liabilities, tax payables, interests payables, deferred upfront payments and government grant.

3 FINANCIAL RISK MANAGEMENT *(cont'd)*

3.2 Fair value estimation

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, trade and other receivables (excluding prepayments), contract assets, borrowings and trade and other payables) approximate their fair values.

The Group applies HKFRS 13 for financial instruments that are measured in the consolidated balance sheet at fair value, which requires disclosure of fair value measurements by levels of the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (For example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the year ended 31 December 2024 (2023: same).

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year ended 31 December 2024 (2023: same).

The changes in level 3 instruments for the years ended 31 December 2024 are presented in Note 18.

Fair value of the Group's investment properties has been disclosed in Note 16. The fair value is within level 3 of the fair value hierarchy.

3 FINANCIAL RISK MANAGEMENT *(cont'd)*

3.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders if the operation turns to profit. In order to maintain or adjust the capital structure, the Group may issue shares, obtain borrowings from bank and dispose assets in order to repay or refill operation capital, adjust the amount of dividends and return capital to shareholders, to maintain or adjust the capital structure, but not limited to the above.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as "net debt" divided by "total equity". Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents and restricted cash. The net debt equity ratios as of 31 December 2024 and 2023 were as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Borrowings	**394,013**	344,285
Lease liabilities	**1,455**	1,366
Less: Cash and cash equivalents	**(381,256)**	(351,600)
Restricted cash	**(16,338)**	(4,373)
Net cash	**(2,126)**	(10,322)
Total equity	**729,655**	686,686
Net debt to equity ratio	**N/A**	N/A

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

(a) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) Determining the timing of satisfaction of performance obligations

The Group has different contractual arrangements with different customers. In determining the timing of satisfaction of performance obligations, management reviews the contract terms of each individual contract. For service revenue under CDMO contracts, the management of the Company have determined that performance obligations are satisfied over time. Significant judgement is required in determining whether the terms of the Group's contracts with customers in relation to certain types of service revenue under CDMO contracts create an enforceable right to payment for the Group.

(ii) Determining the method for measuring progress towards complete satisfaction of performance obligations

Depending on which better depicts the transfer of value to the customer, the management of the Company make judgement to measure the progress of the projects using the input method. Input method recognises revenue based on an entity's efforts or inputs towards satisfying a performance obligation relative to the total expected efforts or inputs to satisfy the performance obligation. If an entity does not have a reasonable basis to measure its progress, the Group recognises revenue up to the amount of the costs incurred, until progress can be reasonably measured.

(b) Research and development expenses

Development costs incurred on the Group's drug product pipelines are capitalized 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 which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the year, all expenses incurred for research and development activities were regarded as research expenses and therefore were expensed when incurred.

(c) Current tax and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(cont'd)*

(d) Provision for impairment of trade receivables and contract assets and other receivables

The Group's management determines the provision for impairment of receivables, contract assets and other receivables based on the expected credit losses which uses the lifetime expected loss provision for all trade receivables and contract assets. The expected loss rates are based on the historical payment profiles, historical credit loss rates by individual and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

5 SEGMENT AND REVENUE INFORMATION

(a) Description of segments and principal activities

The Group is mainly engaged in the research and development, manufacturing, selling of anti-tumor drugs, CDMO/CMO business and license-out of self-developed biological drugs. The outcome of the Group's research and development activities will be given preference to be used by the Group for its own commercialization. There is one team managing and operating all revenue streams. Accordingly, management considers there is only one segment and hence no segment information is presented.

(b) The amount of each category of revenue is as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Timing of revenue recognition		
At a point in time:		
– Sales of goods	**877,410**	630,207
– CDMO/CMO	**112,102**	35,608
– Commission revenue	**11,812**	7,930
– Others	**1,769**	532
Over time:		
– CDMO	**95,031**	105,290
– Others	**205**	1,062
	1,098,329	780,629

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(c) The following table presents the analysis of contract assets and contract liabilities related to the above-mentioned arrangements.

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Contract assets:		
– CDMO	**35,364**	54,260
– Sales commission	**994**	760
Loss allowance	**(158)**	(104)
	36,200	54,916
Contract liabilities		
– CDMO/CMO (i)	**(27,564)**	(10,944)
– Sales of goods	**(1,846)**	(1,119)
	(29,410)	(12,063)

(i) Contract liabilities arise from CDMO/CMO which are recognized when the payments are received before the services are rendered to customers.

(d) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year		
– CDMO/CMO	**4,915**	18,059
– Sales of goods	**899**	1,138
	5,814	19,197

Contract durations of CDMO/CMO services mainly less than one year. As permitted under HKFRS15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(e) Unfulfilled long-term contracts

In January 2017, the Group entered into an agreement with a pharmaceutical company for licensing one of its bio-pharmaceutical know-how to the customer for development and commercialization for a period of 10 years.

The license contract includes an upfront fee, certain development-milestone payments and commercial-milestone payments of RMB84,500,000 (including tax) in aggregate. The contract also includes sales-based royalties. The Group has received the upfront payment and development milestone payments of RMB55,500,000 (including tax) in total as at 31 December 2024 (For the year ended 31 December 2023: same). For the year ended 31 December 2024, there was no development milestone and commercial milestone achieved by the Group (For the year ended 31 December 2023: same). The Group is entitled to receive up to an aggregate of RMB29,000,000 (including tax) upon the achievement of additional development and commercial milestones.

In January 2022, the Group entered into an agreement with a pharmaceutical company for licensing one of its biological antibody drugs to the customer for development and commercialization in certain overseas regions (the "Cooperation Area") for 10 years after the date of obtaining the marketing authorization by the first regulatory authority in the Cooperation Area.

The license contract includes an upfront fee and certain development milestone payments of RMB30,000,000 (including tax) in aggregate. The contract also includes sales-based royalties. The Group has received the upfront payment and development milestone payments of RMB25,000,000 (including tax) in total as at 31 December 2024 (For the year ended 31 December 2023: same). For the year ended 31 December 2024, there was no development milestone and commercial milestone achieved by the Group (For the year ended 31 December 2023: same). The Group is further entitled to receive up to an aggregate of RMB5,000,000 (including tax) upon the achievement of additional specified milestones related to the development and regulatory approval of the biological antibody drugs.

(f) Geographical information

Geographical information of revenue and non-current assets other than financial assets for the years ended 31 December 2024 and 2023 is as follows:

	Year ended 31 December			
	2024		2023	
	Revenue RMB'000	**Non-current assets RMB'000**	Revenue RMB'000	Non-current assets RMB'000
Mainland China	**1,084,416**	**765,495**	780,629	724,934
Others	**13,913**	**–**	–	–
	1,098,329	**765,495**	780,629	724,934

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(g) Accounting policies of revenue recognition

Revenue is recognized to depict the provision of promised services and transfer of goods to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods.

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer ("transaction price").

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. There is normally no significant cost to obtain contract.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is a description of the accounting policy for the principal revenue streams of the Group.

(a) Revenue from sales of goods

The Group sells certain pharmaceutical products to the customers. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location where the risks of obsolescence and loss have been transferred to the client, and either the client has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. The price is normally fixed and with no sales discount or volume rebate. A refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. Costs related to sales of goods are included in "cost of revenue".

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(g) Accounting policies of revenue recognition *(cont'd)*

(b) Revenue from CDMO services

CDMO services provide integrated services including drug manufacturing, development, optimization and trial production etc. These services allow companies to outsource development and manufacturing work and move quickly from product concept into clinical studies.

The Group earns revenue from providing CDMO services to other pharmaceutical companies, the contract duration of which is generally less than one year. Majority of contracts contain certain performance obligations as delivery of services and drug products.

The contracts are normally at fixed price and paid according to milestones specified in the contract. Upfront payments received by the Group are initially recognized as a contract liability. Services revenue is recognized as the performance obligation satisfied over time based on the stage of completion of the contract. The Group uses input method to measure progress towards complete satisfaction of the performance obligation under HKFRS 15. Costs including raw materials, labour, depreciation and other production costs attributable to CDMO services are included in "cost of revenue". The performance obligation for manufacturing products is satisfied at a point in time and the revenue of which is recognised at a point in time.

(c) Revenue from CMO services

CMO services provide samples and/or products for commercial manufacturing to its customers that have already developed and validated pharmaceutical manufacturing processes.

The Group earns revenue from providing CMO services to other pharmaceutical companies, the contract duration of which is generally less than one year. If the contract is early terminated, the Company is only entitled to the compensation for the cost of any in-progress or undelivered products. Therefore, the contract is accounted for at point in time upon transfer of the control of the products to the customers which is generally when the customers accept the products. Contract price is generally fixed and paid according to payment schedule as agreed in the contract. Upfront payments received by the Group are initially recognized as a contract liability. Costs including raw materials, labour, depreciation and other production costs attributable to CMO services are included in "cost of revenue".

(d) Revenue from commission

The Group earns commission from providing promotion services to its customers, which are pharmaceutical companies, helping them to sell their products in the market. The Group is not the principal for selling those products, as it does not have control over the products to be sold, act as the primary obligor for selling the product neither, bear any inventory risk nor have any price discretion. The commission is based on pre-determined percentage of the actual monthly sales, and settled with the customers periodically, subject to annual price adjustment based on actual volume. The Group includes the price adjustment in the transaction price such that it is highly probable that there will not be significant reversal of revenue in future when the uncertainty is resolved. The right to consideration relating to price adjustment is recorded as contract assets and it will be transferred to receivables when the right is unconditional except for passage of time. The Group is not the principal in selling the products. Accordingly, the Group recognizes commission revenue at the net amount to which it expects to be entitled in exchange for its service.

5 SEGMENT AND REVENUE INFORMATION *(cont'd)*

(g) Accounting policies of revenue recognition *(cont'd)*

(e) Revenue from clinical research and other contract research organisation ("CRO") services

Clinical research services mainly include clinical development services, which include project planning, clinical operation and monitoring and managements of clinical trials, outcomes research and embedded outsourcing.

The Group earns revenues from providing CRO services to other pharmaceutical companies. Contracts mainly include a single performance obligation as delivery of integrated services over a period of time. The contracts are normally at fixed price and paid according to milestones specified in the contracts. Upfront payments received by the Group are initially recognized as a contract liability. Services revenue is recognized as the performance obligation satisfied over time based on the stage of completion of the contracts. The Group uses input method to measure progress towards complete satisfaction of the performance obligation under HKFRS 15. Costs including labour, outsourcing CRO services and other costs attributable to CRO services are included in "cost of revenue".

(f) Revenue from license granted

The Group provides license of its intellectual properties ("IP") to customers as well as providing certain R&D service. The license of IP and the R&D service are distinct performance obligations. The consideration comprises a fixed element (the upfront payment) and two variable elements (development milestone payment and royalties based on future sales). Initially only fixed consideration is included in the transaction price. The amount of the variable consideration for milestone payments included in the transaction price is determined to be zero at inception, based on the most likely amount and the application of the variable consideration constraint, i.e. such variable consideration is only included in the transaction price when it is highly probable that no significant reversal of revenue when the uncertainty is resolved. The non-refundable upfront payment only relates to the license and R&D service. The upfront payment is allocated between the two performance obligations based on the stand-alone selling price. The sales-based royalty will only be included in the transaction price when actual sales are made.

The control of the license transfers at point in time, when the customer obtains the right to use the underlying IP of the license. The sales-based royalties are recognized as revenue when the subsequent sales are made.

6 EXPENSES BY NATURE

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Changes in inventories of finished goods and work in progress	**13,473**	(34,089)
Promotion and advertisement expenses	**587,122**	428,455
Employee benefit expenses (Note 7)	**205,032**	174,463
Raw materials and consumables used	**106,286**	97,043
Amortization and depreciation (Notes 14, 15, 16 and 17)	**65,417**	43,028
Utilities	**28,638**	23,357
Repairs and maintenance expense	**15,557**	12,647
Professional services	**12,181**	9,695
R&D materials and consumables	**11,656**	5,570
Other taxes	**7,292**	5,839
Third-party research contracting costs	**6,225**	6,221
Transportation expenses	**4,152**	3,478
Travelling expenses	**3,090**	2,780
Auditor's remuneration		
– audit service	**2,728**	3,297
– non-audit service	**36**	36
Pre-clinical trials	**1,796**	1,662
Impairment of property, plant and equipment	**–**	7,154
Other expenses	**12,615**	29,226
Total cost of revenue, research and development expenses, selling expenses and general and administrative expenses	**1,083,296**	819,862

7 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS)

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries, wages and bonuses	**159,962**	132,040
Contributions to pension plans (Note)	**16,593**	13,463
Housing fund, medical insurance and other social insurance	**15,361**	11,221
Share-based compensation expenses (Note 26)	**6,013**	10,643
Other welfare for employees	**7,103**	7,096
	205,032	174,463

Note: The employees of the Group in the PRC are members of a state-managed pension scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

TOT Taipei has established a defined contribution pension plan under the Labour Pension Act, covering all regular Taiwan employees. Under the plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The only obligation of the Group with respect to the defined contribution pension plan is to make the specified contribution under the plan.

8 DIRECTORS' AND OTHER SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

Directors and chief executives' emoluments for the years ended 31 December 2024 and 2023 are set out as follows:

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Employer's social security costs RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Year ended 31 December 2024						
Chairman of the Board						
Mr. Fu, Shan	–	–	–	–	–	–
Non-executive directors						
Dr. Liu, Wei Dong (Note 2)	–	–	–	–	–	–
Ms. Yeh-Huang, Chun-Ying	–	569	–	46	–	615
Mr. Chang, Hong-Jen	285	–	–	–	–	285
Ms. Hu, Lan	285	–	–	–	–	285
Dr. Wang, De Qian	285	–	–	–	–	285
Executive directors						
Dr. Liu, Jun	–	2,942	1,540	97	1,084	5,663
	855	3,511	1,540	143	1,084	7,133

8 DIRECTORS' AND OTHER SENIOR MANAGEMENT'S EMOLUMENTS *(cont'd)*

(a) Directors' and chief executive's emoluments *(cont'd)*

	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Employer's social security costs RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Year ended 31 December 2023						
Chairman of the Board						
Mr. Fu, Shan	–	–	–	–	–	–
Non-executive directors						
Mr. Qiu, Yu Min (Note 1)	–	–	–	–	–	–
Dr. Liu, Wei Dong (Note 2)	–	–	–	–	–	–
Ms. Yeh-Huang, Chun-Ying	–	565	–	35	–	600
Mr. Chang, Hong-Jen	282	–	–	–	–	282
Ms. Hu, Lan	282	–	–	–	–	282
Dr. Wang, De Qian	282	–	–	–	–	282
Executive directors						
Dr. Liu, Jun	–	3,726	135	91	3,576	7,528
	846	4,291	135	126	3,576	8,974

Note 1: Mr. Qiu, Yu Min resigned on 12 August 2023.

Note 2: Dr. Liu Weidong has been appointed as a non-executive director, Chairman of the Compensation Committee, and member of the Audit and Related Party Transaction Review Committee and the Strategy and ESG Committee of the Company, all effective from August 12, 2023.

(b) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2023: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year, the Company did not pay consideration to any third parties for making available directors' services (2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2023: Nil).

8 DIRECTORS' AND OTHER SENIOR MANAGEMENT'S EMOLUMENTS *(cont'd)*

(e) Inducement or waiver of emoluments

During the year, no directors or five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group or as compensation for loss of office, and no directors waived or had agreed to waive any emoluments (2023: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year (2023: Nil).

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one director (2023: one director) for the year ended 31 December 2024. Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four individuals (2023: four individuals) during the year are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**7,134**	9,124
Contribution to pension scheme	**163**	250
Discretionary bonuses	**2,059**	447
	9,356	9,821

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

	Year ended 31 December	
	2024	2023
Emoluments bands		
HKD2,000,000 to HKD2,500,000	**2**	2
HKD2,500,000 to HKD3,000,000	**2**	1
HKD3,000,000 to HKD3,500,000	**–**	1
	4	4

9 OTHER INCOME – NET

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Other income:		
– Government grants (Note)	**22,568**	17,786
– Rental income of investment properties (Note 16)	**333**	330
	22,901	18,116
Other losses – net:		
– Net foreign exchange (losses)/gains – net	**(3,973)**	2,261
– Losses on disposals of property,plant and equipment	**(934)**	(3,420)
– Net fair value gains on financial assets at FVPL (Note 18)	**–**	937
– Others	**222**	(240)
	(4,685)	(462)
Total other income – net	**18,216**	17,654

Note: There are no unfulfilled conditions or other contingencies attaching to these grants.

10 FINANCE COSTS – NET

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Finance income		
– Interest income on bank deposits	**3,383**	2,974
Finance costs		
– Interest expenses on bank borrowings	**(9,825)**	(5,068)
– Interest expenses on lease liabilities	**(55)**	(107)
	(9,880)	(5,175)
	(6,497)	(2,201)

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in a jointly controlled entity

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
As at 1 January	–	–
Additions	–	5,600
Share of net loss of the joint venture accounted for using the equity method	–	(2,495)
Disposal (Note 25(iii)(b))	–	(3,000)
Liquidation (Note)	–	(105)
As at 31 December	–	–

Note: On 19 October 2023, all shareholders of joint venture Huayao Pharmaceutical (Suzhou) Company Limited ("Huayao") decided to liquidate Huayao. The business registration cancellation was completed on 30 December 2023. According to the shareholder meeting resolution on 23 December 2023, the final distribution amount to the Group was RMB105,000.

12 INCOME TAX EXPENSE

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Current income tax expenses		
– Tax filing difference for prior Year	–	1
Deferred income tax expense	–	–
	–	1

The Group's principal applicable taxes and tax rates are as follows:

(a) Hong Kong

No provision for Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) as the Company has no estimated assessable tax profit for the year ended 31 December 2024 (2023: Nil).

(b) Mainland China

No provision for mainland China income tax has been provided for at the rate of 25% or 15% (2023: 25% or 15%) pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), as the Group's PRC entities have no estimated assessable tax profit for the year ended 31 December 2024.

BioDlink Biopharm Co., Ltd. ("TOT Suzhou") was qualified as a "High and New Technology Enterprise" under the relevant PRC laws and regulations from 2023 to 2025. TOT Suzhou was entitled to enjoy a beneficial income tax rate of 15% for the year ended 31 December 2024 (2023: 15%).

12 INCOME TAX EXPENSE *(cont'd)*

(c) Taiwan corporate income tax

No provision for Taiwan corporate income tax has been provided for at the rate of 20% (2023: 20%) as the Group's Taiwan subsidiary has no estimated assessable tax profit for the year ended 31 December 2024.

(d) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profit of the consolidated entities as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit/(loss) before income tax	**34,757**	(37,756)
Tax calculated at statutory tax rates applicable to each Group entity	**9,519**	(6,726)
Tax effect of:		
Preferential tax rates of certain subsidiary	**(4,587)**	719
Expenses not deductible for tax purposes	**2,375**	6,885
Additional deduction of research and development	**(6,014)**	(12,347)
Tax loss not recognized as deferred tax assets	**505**	11,470
Utilisation of tax losses for which no deferred income tax asset was recognised	**(1,798)**	(2)
Income tax expense	**–**	(1)

The Group has operation mainly in Mainland China and Hong Kong. It is within the scope of the OECD Pillar Two model rules. As of the reporting date, there is no public announcement in Mainland China. Hong Kong has announced the implementation regarding Pillar Two model rules which have not come into effect. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

In addition, since the Pillar Two legislation in the jurisdictions that the Group operates in was not enacted or substantively enacted as at the reporting date, and due to the uncertainty of the announcement of the legislation and the complexities in applying the legislation and calculating GloBE income, the Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

12 INCOME TAX EXPENSE *(cont'd)*

(e) Deferred tax assets not recognized:

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Deductible losses	**1,684,171**	1,731,260
Deductible temporary differences	**100,092**	128,418
	1,784,263	1,859,678

(f) Deductible losses that are not recognized as deferred tax assets will be expired as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
2024	**–**	49,487
2025	**60,608**	60,608
2026	**85,748**	85,748
2027	**130,419**	130,419
2028	**290,006**	290,006
2029	**297,972**	297,972
2030	**384,046**	384,046
2031	**294,395**	294,395
2032	**110,958**	110,958
2033	**27,621**	27,621
2034	**2,398**	–
	1,684,171	1,731,260

The tax losses of the Company's PRC subsidiaries will expire within five years, except for TOT Suzhou of which the tax losses will expire within ten years as TOT Suzhou is qualified as High and New Technology Enterprise.

13 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) of the Group attributable to owners of the Company by weighted average number of ordinary shares issued during the year excluding treasury shares.

	Year ended 31 December	
	2024	2023
Profit/(loss) attributable to equity holders of the Company (RMB'000)	**34,757**	(37,757)
Weighted average number of ordinary shares in issue (thousand)	**725,197**	725,197
Basic earnings/(loss) per share (RMB)	**0.05**	(0.05)

(b) Diluted earnings/(loss) per share

Diluted earnings/(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, the Company had two categories of potential ordinary shares: the stock options granted to employees and restricted share award scheme (Note 26) (2023: same). For the year ended 31 December 2024, the diluted earnings per share and the basic earnings per share are RMB0.05 (2023: the diluted loss per share and the basic loss per share are RMB0.05).

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Utilities equipment RMB'000	Machinery RMB'000	Testing equipment RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	197,700	57,130	206,157	129,620	51,860	220,237	862,704
Accumulated depreciation and impairment	(40,647)	(25,880)	(23,520)	(54,137)	(22,716)	–	(166,900)
Net book amount	157,053	31,250	182,637	75,483	29,144	220,237	695,804
Year ended 31 December 2024							
Opening net book amount	157,053	31,250	182,637	75,483	29,144	220,237	695,804
Additions	2,232	–	2,847	14,852	8,546	60,979	89,456
Disposals	(228)	(606)	(549)	(402)	(113)	–	(1,898)
Transfers	140,974	18,980	68,739	8,777	10,743	(248,213)	–
Depreciation charge (Note 6)	(5,862)	(6,027)	(26,895)	(12,075)	(9,917)	–	(60,776)
Net exchange differences	–	–	–	–	–	–	–
Closing net book amount	294,169	43,597	226,779	86,635	38,403	33,003	722,586
At 31 December 2024							
Cost	340,248	75,233	278,034	150,213	71,008	33,003	946,435
Accumulated depreciation and impairment	(46,079)	(31,636)	(51,255)	(63,578)	(32,605)	–	(223,849)
Net book amount	294,169	43,597	226,779	86,635	38,403	33,003	722,586
At 1 January 2023							
Cost	110,899	48,118	64,669	108,714	33,268	241,410	607,078
Accumulated depreciation and impairment	(34,189)	(21,618)	(22,900)	(47,466)	(15,577)	–	(141,750)
Net book amount	76,710	26,500	41,769	61,248	17,691	241,410	465,328
Year ended 31 December 2023							
Opening net book amount	76,710	26,500	41,769	61,248	17,691	241,410	465,328
Additions	161	492	4,674	3,005	16,654	254,938	279,924
Disposals	(253)	–	(3,211)	(402)	(34)	–	(3,900)
Transfers	87,078	8,520	149,828	21,360	2,171	(268,957)	–
Depreciation charge (Note 6)	(6,643)	(4,262)	(10,428)	(9,728)	(7,338)	–	(38,399)
Impairment loss	–	–	–	–	–	(7,154)	(7,154)
Net exchange differences	–	–	5	–	–	–	5
Closing net book amount	157,053	31,250	182,637	75,483	29,144	220,237	695,804
At 31 December 2023							
Cost	197,700	57,130	206,157	129,620	51,860	220,237	862,704
Accumulated depreciation and impairment	(40,647)	(25,880)	(23,520)	(54,137)	(22,716)	–	(166,900)
Net book amount	157,053	31,250	182,637	75,483	29,144	220,237	695,804

14 PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

(a) Depreciation charges have been charged to the consolidated statement of comprehensive income/(loss) as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost of sales	**47,169**	16,467
Research and development expenses	**10,830**	20,417
General and administrative expenses	**2,705**	1,459
Selling expenses	**72**	56
	60,776	38,399

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives, as follows:

Buildings	10-20 years
Utilities equipment	10 years
Machinery	5-10 years
Testing equipment	5-10 years
Others	5-10 years

See Note 37.5 for the other accounting policies relevant to Property, plant and equipment.

(b) Prepayments for property, plant and equipment amounted to RMB1,564,000 (2023: RMB1,803,000) as at 31 December 2024. During the year, RMB1,803,000 (2023: RMB82,477,000) was transferred from prepayments for property, plant and equipment to testing equipment, machinery and construction in progress.

(c) Borrowing costs of RMB4,690,000 have been capitalized in the year ended 31 December 2024 (2023: RMB8,617,000).

15 INTANGIBLE ASSETS

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Software		
Cost	**16,425**	15,646
Accumulated amortization	**(9,383)**	(6,807)
Net book amount	**7,042**	8,839
Opening net book amount	**8,839**	4,648
Additions	**779**	5,919
Amortization charge (Note 6)	**(2,576)**	(1,728)
Closing net book amount	**7,042**	8,839

Amortization charge has been charged to the consolidated statement of comprehensive income/(loss) as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
General and administrative expenses	**2,576**	1,728

16 INVESTMENT PROPERTIES

Investment properties are all located in the PRC with estimated useful lives within 50 years.

The movement of investment properties is analysed as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost	**8,409**	8,409
Accumulated depreciation	**(6,024)**	(5,624)
Net book amount	**2,385**	2,785
Opening net book amount	**2,785**	3,184
Depreciation (Note 6)	**(400)**	(399)
Closing net book amount	**2,385**	2,785

16 INVESTMENT PROPERTIES *(cont'd)*

Investment properties, principally comprising buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives.

As at 31 December 2024, the fair values of the investment properties were approximately RMB7,800,000 (2023: RMB7,700,000). These estimates are made by the directors with reference to market transacted prices for similar properties in the vicinity of the relevant properties.

(a) Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Rental income (Note 9)	**333**	330
Direct operating expenses from investment properties that generated rental income	**(400)**	(399)

(b) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

17 RIGHT-OF-USE ASSETS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Land use rights	**12,290**	12,636
Others	**1,678**	1,622
	13,968	14,258

17 RIGHT-OF-USE ASSETS *(cont'd)*

(a) Land use rights

The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC and the lease term is 50 years. The net book amount of which is analysed as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost	**17,273**	17,273
Accumulated amortization	**(4,983)**	(4,637)
Net book amount	**12,290**	12,636
Opening net book amount	**12,636**	12,982
Amortization charge (Note 6)	**(346)**	(346)
Closing net book amount	**12,290**	12,636

Amortization charge has been charged to the consolidated statement of comprehensive income/(loss) as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost of revenue	**299**	299
General and administrative expenses	**43**	43
Selling expenses	**4**	4
	346	346

17 RIGHT-OF-USE ASSETS *(cont'd)*

(b) Others

The Group leases properties for own use. Information about leases for which the Group is a lessee is presented below:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost	**2,935**	4,976
Accumulated depreciation	**(1,257)**	(3,354)
Net book amount	**1,678**	1,622
Opening net book amount	**1,622**	2,025
Additions	**1,811**	2,373
Termination	**(436)**	(620)
Depreciation charge (Note 6)	**(1,319)**	(2,156)
Closing net book amount	**1,678**	1,622

The consolidated statement of comprehensive income/(loss) and the consolidated statement of cash flows contain the following amounts relating to leases:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Depreciation and amortization charge of right-of-use assets	**1,665**	2,502
Interest expenses (Note 10)	**55**	107
Expenses relating to short-term leases	**767**	674

The total cash outflow for leases in 2024 was RMB2,100,000 (2023: RMB2,931,000).

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Opening balance	**–**	40,278
Additions	**–**	280,000
Changes in the fair value of financial assets at FVPL	**–**	937
Disposal	**–**	(321,215)
Closing balance	**–**	–

19 INVENTORIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Raw materials	**36,362**	40,752
Work in progress	**24,835**	47,171
Finished goods	**42,785**	33,922
Consumables	**4,679**	4,164
	108,661	126,009

(a) Amounts recognised in profit or loss

The reversal of inventory write-downs to net realizable value amounted to RMB1,152,000 (2023: write-downs of inventories to net realisable value amounted to RMB2,825,000). These were recognised as an expense during the year ended 31 December 2024 and included in 'cost of revenue' in the consolidated statement of profit or loss.

20 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade receivables	**157,728**	85,964
Other receivables	**3,183**	6,977
Less: provision for impairment of trade receivables	**(1,169)**	(175)
Less: provision for impairment of other receivables	**(2,464)**	(4,614)
Trade and other receivables	**157,278**	88,152

(a) Trade receivables

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade receivables	**157,728**	85,964

Customers are generally granted with credit terms ranging from 15 to 90 days.

As of 31 December 2024 and 2023, the ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 30 days	**62,877**	54,628
31 days to 90 days	**41,975**	31,213
91 days to 180 days	**15,740**	116
181 days to 270 days	**11,943**	–
271 days to 360 days	**25,193**	–
1 year to 2 years	**–**	7
	157,728	85,964

As at 31 December 2024, the carrying amounts of the Group's trade receivables are denominated in RMB and approximate to their fair values (2023: same).

20 TRADE AND OTHER RECEIVABLES *(cont'd)*

(b) Other receivables

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Deposits (Note)	**2,464**	6,764
Others	**719**	213
Other receivables	**3,183**	6,977

Note: In 2021 and 2023, the Group paid deposits of NTD62,100,000 (equivalent to RMB13,873,000) for entering into exclusive distribution agreements ("distribution agreements") with the pharmaceutical company and NTD18,053,000 (equivalent to RMB4,033,000) for purchasing of goods respectively. As at 31 December 2023, the management accrued provisions of these deposits approximately RMB7,185,000 and RMB2,150,000, and assessed that a portion of the deposits is expected to be recovered.

As at 31 December 2024, the Group had reached an agreement with the pharmaceutical company and terminated the distribution agreements. The Group had received the long-term deposits in full and reversed the impairment of the other non-current assets and other receivables of RMB9,335,000 for the year ended 31 December 2024.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
RMB	**160,911**	88,641
NTD	**–**	4,300
	160,911	92,941

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

The carrying amounts of the Group's other receivables approximate to their fair values.

21 PREPAYMENTS AND OTHER CURRENT AND NON-CURRENT ASSETS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Prepayments – current		
Prepayments for consumables	**13,609**	5,911
Prepaid research expenses	**5,140**	5,791
Others	**3,520**	7,013
	22,269	18,715
Other current assets		
Value – added tax to be refunded	**21,262**	49,393
Right to returned goods (Note 29)	**13**	17
	21,275	49,410
Other non-current assets		
Long-term trade receivables	**14,219**	–
Deposits (Note 20)	**492**	15,177
Others	**3,521**	1,445
Less: provision for impairment of long-term trade receivables	**(282)**	–
Less: provision for impairment of deposits	**–**	(7,185)
	17,950	9,437
	61,494	77,562

22 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Cash at bank and on hand	**397,594**	355,973
Less: Restricted cash (Note)	**(16,338)**	(4,373)
	381,256	351,600

Note: As at 31 December 2024, restricted cash was bank deposits pledged as security for equipment, utility, etc. (2023: restricted cash included bank deposits pledged as security for the procurement transaction).

The carrying amounts of the Group's cash at bank and on hand are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Cash on hand		
– USD	**4**	–
– NTD	**–**	5
Cash at bank		
– RMB	**347,195**	305,353
– HKD	**34,528**	33,779
– USD	**15,348**	15,487
– EUR	**233**	243
– NTD	**286**	1,106
	397,594	355,973

23 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Assets		
Financial assets at amortized costs:		
– Long term receivables (Note 21)	**13,937**	–
– Deposits – non-current (Note 21)	**492**	7,992
– Trade receivables and other receivables (Note 20)	**157,278**	88,152
– Cash and cash equivalents including restricted cash (Note 22)	**397,594**	355,973
Total	**569,301**	452,117
Liabilities		
Financial liabilities at amortized cost		
– Trade and other payables (Note 29)	**274,879**	292,437
– Borrowings – current (Note 28)	**69,588**	41,600
– Borrowings – non-current (Note 28)	**324,425**	302,685
– Other non – current liabilities (Note 31)	**4,031**	10,031
Lease liabilities at amortized cost – current (Note 30)	**1,278**	1,172
Lease liabilities at amortized cost – non-current (Note 30)	**177**	194
Total	**674,378**	648,119

24 SHARE CAPITAL

	Number of ordinary shares issued	**Share capital RMB'000**
As at 1 January 2023 and 31 December 2023	772,787,887	2,297,499
As at 1 January 2024 and 31 December 2024	**772,787,887**	**2,297,499**

(i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

24 SHARE CAPITAL *(cont'd)*

(ii) Shares held for employee share scheme

As at 31 December 2024, 47,590,948 ordinary shares included in all ordinary shares issued are within the Company's control until the shares are vested to the participants and hence are considered as treasury shares in substance (2023: same).

	2024 Shares	2023 Shares	**2024 RMB'000**	2023 RMB'000
Shares held for employee share scheme	**47,590,948**	47,590,948	**–**	–

25 OTHER RESERVES

	Share-based compensation reserve (i) RMB'000	**Foreign currency translation reserve (ii) RMB'000**	**Transactions with non-controlling interests RMB'000**	**Total RMB'000**
At 1 January 2024	**84,616**	**(12,014)**	**(130)**	**72,472**
Share-based compensation expense (Note 26)	**6,013**	**–**	**–**	**6,013**
Currency translation differences	**–**	**2,199**	**–**	**2,199**
At 31 December 2024	**90,629**	**(9,815)**	**(130)**	**80,684**
At 1 January 2023	73,973	(13,751)	1,689	61,911
Share-based compensation expense (Note 26)	10,643	–	–	10,643
Currency translation differences	–	1,737	–	1,737
Acquisition of equity interests in a subsidiary from non-controlling interests	–	–	(1,819)	(1,819)
At 31 December 2023	84,616	(12,014)	(130)	72,472

(i) Share-based compensation reserve arises from share-based payments granted to employees of the Group.

(ii) Foreign currency translation reserve 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.

26 SHARE-BASED PAYMENTS

(a) Stock options and restricted shares granted

On 1 November 2022, the Board of Directors passed a resolution to grant 7,558,390 shares under the 2022 Restricted Share Award Scheme to certain employees of the Group, as rewards for their services to certain of the Group's subsidiaries. The exercise price of the restricted shares is HKD0.6. All restricted shares shall expire in ten years from the respective grant dates. The details of the vesting conditions are set out in Note (c) below.

(b) Employee stock options

(i) The Group's employee stock options arrangements are as follows:

Type of arrangement	Grant date	Contract period	Vesting conditions
Employee stock options – 2017 ("2017 Plan")	From December 2017 to July 2018	10 years	(Note i)
Employee stock options – 2018 ("2018 Plan")	From January 2019 to February 2019	10 years	(Note ii)
Employee stock options – 2018 ("2018 Plan")	January 2019	10 years	(Note iii)

Note i: Options are vested at different rates according to years worked as of 31 December 2017.

The rates are shown as follows:

Years worked as of 31 December 2017	Vesting rates					
	1st year	2nd year	3rd year	4th year	5th year	6th year
Within 3 years	5%	10%	15%	20%	25%	25%
Between 3 and 4 years	10%	15%	20%	25%	30%	–
Between 4 and 5 years	15%	20%	20%	20%	25%	–
Over 5 years	25%	25%	25%	25%	–	–

Note ii: Options are vested at different rates according to years worked as of 31 December 2018.

The rates are shown as follows:

Years worked as of 31 December 2018	Vesting rates					
	1st year	2nd year	3rd year	4th year	5th year	6th year
Within 3 years	5%	10%	15%	20%	25%	25%
Between 3 and 4 years	10%	15%	20%	25%	30%	–
Between 4 and 5 years	15%	20%	20%	20%	25%	–
Over 5 years	25%	25%	25%	25%	–	–

Note iii: The options are vested at different rates conditional on achievement of certain performance conditions.

26 SHARE-BASED PAYMENTS *(cont'd)*

(b) Employee stock options *(cont'd)*

(i) Set out below are summaries of options granted:

	Year ended 31 December			
	2024		2023	
	Average exercise price per stock option (in USD)	**Number of share options (thousand shares)**	Average exercise price per stock option (in USD)	Number of share Options (thousand shares)
As at beginning of the year	**USD0.29**	**7,819**	USD0.29	8,665
Exercise of share options	**USD0.29**	**–**	USD0.29	–
Forfeited during the year	**USD0.29**	**–**	USD0.29	(846)
As at year end	**USD0.29**	**7,819**	USD0.29	7,819
Vested and exercisable at end of year	**USD0.29**	**7,636**	USD0.29	7,544

There were no options expired during the current year (2023: same).

(c) Restricted share award scheme

(i) The Group's employee restricted share award scheme is as follows:

Type of arrangement	**Grant date**	**Contract period**	**Vesting conditions**
Employee restricted shares – 2020 ("2020 Plan")	May 2020	10 years	(Note i)
Employee restricted shares – 2021 ("2021 Plan")	December 2021	10 years	(Note ii)
Employee restricted shares – 2022 ("2022 Plan")	November 2022	10 years	(Note ii)

Note i: On 8 November 2019, pursuant to the resolution passed by the shareholders on 30 September 2019, 342,557,624 shares were allotted and issued without payment and as fully paid shares to existing shareholders ("Capitalization Issue"). Since restricted shares issued and allotted in May 2020 were to compensate participants of the employee stock options arrangement for the dilutive effect of the Capitalization Issue, the vesting conditions of employee restricted share award scheme were same with the employee stock options arrangements set out in Note 26(b).

Note ii: The restricted shares are vested in tranches conditional on achievement of certain performance conditions.

26 SHARE-BASED PAYMENTS *(cont'd)*

(c) Restricted share award scheme *(cont'd)*

(ii) Set out below are summaries of restricted shares granted:

	Year ended 31 December			
	2024		2023	
	Average exercise price per restricted shares (in USD)	**Number of restricted shares (thousand shares)**	Average exercise price per restricted shares (in USD)	Number of restricted shares (thousand shares)
As at beginning of the year	**USD0.19**	**34,209**	USD0.21	39,116
Granted during the year	**–**	**–**	–	–
Exercise of restricted shares	**–**	**–**	–	–
Forfeited during the year	**USD0.08**	**(560)**	USD0.17	(4,907)
As at year end	**USD0.19**	**33,649**	USD0.19	34,209
Vested and exercisable at end of year	**USD0.22**	**27,063**	USD0.25	20,600

There were no restricted shares expired during the current year (2023: Nil).

(d) The fair value of the stock options granted have been valued by an independent qualified valuer using binomial option-pricing model for 2017 Plan and 2018 Plan as at the grant date. Key assumptions are set as below:

	2017 Plan	2018 Plan
Risk-free interest rate	3.6306%-4.0004%	3.2260%-3.2634%
Expected term-year	6.66-6.84	7.27-7.36
Expected volatility	39.98%-42.22%	40.39%
Grant date option fair value per share	USD0.967-USD1.258	USD1.028-USD1.237
Exercise price	USD1.00	USD1.00

(e) The fair value of the restricted shares award scheme were equal to the market price of the Shares on the grant date.

	2021 plan	2022 plan
Grant date market price per share	HKD3.95	HKD2.59
Exercise price	HKD0.6	HKD0.6

(f) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized during the year ended 31 December 2024 as part of employee benefit expenses are RMB6,013,000 (2023: RMB10,643,000).

27 DIVIDEND

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

28 BORROWINGS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Current		
– Unsecured and unguaranteed bank borrowings (Note (a))	**69,588**	41,600
Non-current		
– Unsecured and unguaranteed bank borrowings (Note (b))	**324,425**	302,685
	394,013	344,285

Note (a): As at 31 December 2024, bank loans will be repayable within one year and bear annual interest rate ranging from 2.64% to 2.85% (2023: from 2.85% to 2.95%).

Note (b): As at 31 December 2024, bank loans will be repayable over one year and bear annual interest rate ranging from 2.90% to 4.05% (2023: from 3.30% to 4.05%). And it is mainly used on construction of plant, production line and equipment and etc.

As at 31 December 2024 and 31 December 2023, the Group has the following undrawn bank facilities:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Bank facilities	**299,050**	265,715

As at 31 December 2024 and 31 December 2023, the Group's bank borrowings were repayable as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	**69,588**	41,600
Between 1 and 2 years	**75,790**	94,730
Between 2 and 5 years	**80,488**	131,041
Over 5 years	**168,147**	76,914
	394,013	344,285

28 BORROWINGS *(cont'd)*

As at 31 December 2024 and 31 December 2023, the weighted average effective interest rates per annum were as follows:

	31 December 2024	31 December 2023
Bank borrowings	**3.68%**	3.83%

The carrying amounts of the Group's borrowings are denominated in RMB.

The fair values of borrowings equal to their carrying amounts as the discounting impact is not significant.

29 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Accrued promotion expenses	**179,223**	193,297
Trade payables	**43,307**	35,710
Staff salaries and welfare payables	**33,572**	28,668
Payables for purchase of property, plant and equipment	**16,222**	42,859
Deposits payables	**3,110**	800
Tax payable	**1,800**	1,659
Refund liabilities (Note (i))	**119**	170
Others	**33,017**	19,771
	310,370	322,934

Note (i): Where a customer has a right to return a product, the Group recognises a refund liability for the amount of consideration received for which the entity does not expect to be entitled. The Group also recognises a right to the returned goods measured by reference to the former carrying amount of the goods.

29 TRADE AND OTHER PAYABLES *(cont'd)*

As at 31 December 2024 and 31 December 2023, the ageing analysis of trade payables based on invoice date are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 3 months	**33,836**	33,990
3 months to 6 months	**4,371**	1,287
6 months to 12 months	**4,776**	255
1 year to 2 years	**255**	178
2 years to 3 years	**69**	–
	43,307	35,710

The Group's trade and other payables are denominated in the following currencies:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
– RMB	**307,505**	320,984
– USD	**2,339**	1,400
– NTD	**423**	449
– HKD	**103**	101
	310,370	322,934

30 LEASE LIABILITIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Minimum lease payments due		
– Within 1 year	**1,303**	1,176
– Between 1 and 2 years	**191**	210
	1,494	1,386
Less: future finance charges	**(39)**	(20)
Present value of lease liabilities	**1,455**	1,366

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	**1,278**	1,172
Between 1 and 2 years	**177**	194
Present value of lease liabilities	**1,455**	1,366

The Group leases various properties and equipment and these lease liabilities were measured at net present value of the lease payments to be paid during the lease terms.

Extension options, at the Group's discretion, are included in a number of property leases across the Group.

Lease liabilities were discounted at incremental borrowing rates of 4.9%(2023: 4.9%).

For the total cash outflows for leases including payments of lease liabilities and payments of interest expenses on leases are disclosed in Note 17.

31 OTHER CURRENT AND NON-CURRENT LIABILITIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Current		
Deferred upfront payments (a)	**4,717**	4,717
Non-current		
Deferred upfront payments (a)	**28,302**	33,019
Government grant (b)	**6,819**	11,000
Deposits	**4,031**	10,031
	39,152	54,050

(a) Other current and non-current liabilities mainly contain non-refundable upfront fee relating to promotion service arrangement, which will be amortized during the service period.

(b) As at 31 December 2024, the government grants with total amount of RMB5,712,000 (As at 31 December 2023: RMB7,093,000) was related to the assets and recorded as deferred government grant. The grants are recognized in profit or loss on a straight-line basis over the expected useful lives of the related assets.

32 CASH USED IN OPERATIONS

(a) Reconciliation of loss before income tax to net cash generated from operations

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit/(loss) before income tax	**34,757**	(37,756)
Adjustments for:		
– Depreciation and amortization (Notes 14, 15, 16 and 17)	**65,417**	43,028
– Losses on disposals of property, plant and equipment (Note 9)	**934**	3,420
– Share-based compensation expenses (Note 26)	**6,013**	10,643
– Interest on bank borrowings (Note 10)	**9,825**	5,068
– Interest income (Note 10)	**(3,383)**	(2,974)
– Interest on lease liabilities (Note 10)	**55**	107
– Losses on disposals of right of use assets	**60**	–
– (Reversal)/impairment losses on other receivables	**(2,150)**	4,614
– (Reversal)/impairment losses on long-term receivables of other non-current assets	**(6,903)**	7,185
– Provision for impairment of trade receivables and contract assets	**1,048**	(318)
– Provision for impairment of property, plant and equipment (Note 6)	**–**	7,154
– Share of net loss of the joint venture (Note 11)	**–**	2,495
– Fair value change on financial assets at FVPL (Note 18)	**–**	(937)
	105,673	41,729
Changes in working capital:		
– Inventories (Note 19)	**17,348**	(31,188)
– Trade receivables and other receivables	**(68,075)**	(36,807)
– Prepayments and other current and non-current assets	**34,601**	22,604
– Contract assets (Note 5)	**18,662**	(45,742)
– Restricted cash	**(11,966)**	(1,375)
– Trade and other payables and other current and non-current liabilities (Note 29 and 31)	**(570)**	111,736
– Contract liabilities (Note 5)	**17,347**	(7,499)
	7,347	11,729
Net cash generated from operations	**113,020**	53,458

32 CASH USED IN OPERATIONS *(cont'd)*

(b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Net book amount (Note 14)	**1,898**	3,900
Losses on disposal of property, plant and equipment (Note 9)	**(934)**	(3,420)
Proceeds from the disposal	**964**	480

(c) Changes in liabilities from financing activities:

	Short-term liabilities		**Long-term liabilities**	
	Lease Liabilities RMB'000	**Borrowings RMB'000**	**Lease Liabilities RMB'000**	**Borrowings RMB'000**
At 1 January 2024	**1,172**	**41,600**	**194**	**302,685**
Cash flows	**(1,333)**	**(10,600)**	**–**	**60,328**
Interest expense	**55**	**–**	**–**	**–**
Disposal of right-of-use assets	**(444)**	**–**	**–**	**–**
Increase of right-of-use assets	**1,634**	**–**	**177**	**–**
Reclassification	**194**	**38,588**	**(194)**	**(38,588)**
At 31 December 2024	**1,278**	**69,588**	**177**	**324,425**
At 1 January 2023	1,551	75,500	345	212,133
Cash flows	(2,438)	(44,500)	–	101,152
Interest expense	107	–	–	–
Disposal of right-of-use assets	(377)	–	(195)	–
Increase of right-of-use assets	2,180	–	193	–
Reclassification	149	10,600	(149)	(10,600)
At 31 December 2023	1,172	41,600	194	302,685

33 COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at each balance sheet date, but not yet incurred are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Property, plant and equipment	**47,944**	82,600

(b) Operating lease commitments

At the balance sheet date, lease commitments of the Group for short-term leases and leases of low-value assets not yet commenced are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
No later than 1 year	**263**	65
Later than 1 year and no later than 2 years	**263**	–
Later than 2 years and no later than 5 years	**30**	–
	556	65

34 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2024 and 2023, and balances arising from related party transactions as at 31 December 2024 and 2023.

(a) Name and relationship with related parties

Name of related party	Nature of relationship
Vivo HK Limited	Company controlled by a significant shareholder
Center Laboratories, Inc. ("Centerlab")	Entity having significant influence over the Company
Huayao	Joint venture of the Company (before 30 December 2023)

34 RELATED PARTY TRANSACTIONS *(cont'd)*

(b) Transactions with related parties

(i) Service expenses charged by related parties:

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Vivo HK Limited	**1,915**	–
Huayao	**–**	6,733
Centerlab	**–**	106
	1,915	6,839

The related party transactions above were carried out on terms mutually agreed between the parties. In the opinion of the management of the Company, these transactions are in the ordinary courses of business of the Group and in accordance with the terms of underlying agreements.

(c) Key management compensation

Key management includes directors and senior management of the Company. The compensation paid or payable to key management for their services is shown below:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries, wages and bonuses	**19,635**	16,544
Housing funds, medical insurance and other social insurance	**849**	1,034
Share-based compensation expenses	**3,046**	8,645
	23,530	26,223

Except for the directors mentioned in Note 8(a), the Company's other key senior management's remuneration includes salaries, wages, bonuses, housing funds, medical insurance and other social insurance and share-based compensation expenses. For the year ended 31 December 2024, the Company's other key senior management's remuneration was within the range from RMB1,000,000 to RMB3,000,000 (2023: RMB1,000,000 to RMB3,000,000).

35 SUBSIDIARIES

Particulars of the subsidiaries of the Group as at year ended 31 December 2024 and 2023 are set out below:

Company name	Place of registration/ incorporation and place of operations and date of incorporation	Principle activities	Effective interests held by the Group		Direct or Indirect	Registered capital		Issued and paid up capital	
			2024	2023		2024	2023	2024	2023
BioDlink Biopharm Co.,Ltd. * (東曜藥業有限公司)	Suzhou, PRC 5 July 2010	Research and development, Manufacturing and sales of new drugs	100%	100%	Direct	USD 277,600,000	USD 277,600,000	USD 277,600,000	USD 277,600,000
TOT BIOPHARM Company Limited (東源國際醫藥股份有限公司)	Taipei, Taiwan 14 March 2016	Business development	100%	100%	Direct	NTD 400,000,000	NTD 400,000,000	NTD 230,000,000	NTD 230,000,000
Shengyang Biopharm (Hong Kong) Limited (昇洋醫藥國際有限公司)	Hong Kong 24 June 2008	Investing company	100%	100%	Direct	USD 5,906,415	USD 5,906,415	USD 5,906,415	USD 5,906,415
Dongyuan Biotech (Shanghai) Co., Ltd. * (東源生物醫藥科技(上海)有限公司)	Shanghai, PRC 14 April 2010	Research and development New drugs	100%	100%	Indirect	USD 3,730,000	USD 3,730,000	USD 730,000	USD 730,000
Jiang Su Tung Yang Biopharm Tech Co., Ltd.* (江蘇東揚醫藥科技有限公司)	Taizhou, PRC 11 February 2009	Research and development And sales of new drugs	100%	100%	Indirect	USD 2,000,000	USD 2,000,000	USD 2,000,000	USD 2,000,000
Yaozhan Pharmaceutical Jiangsu Co., Ltd.* (曜展醫藥江蘇有限公司)	Suzhou, PRC 13 May 2021	Marketing promotion	100%	100%	Direct	USD 2,850,000	USD 2,850,000	USD 2,850,000	USD 2,850,000

* Registered as wholly foreign owned enterprises under PRC law.

The nature of all the legal entities established in the mainland of China is limited liability company.

The English names of Taiwan and PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies, as no English names have been registered.

36 BALANCE SHEET OF THE COMPANY

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**2,072,085**	2,066,072
Current assets			
Other receivables		**58**	58
Amounts due from subsidiaries		**56,328**	67,809
Prepayments		**–**	34
Cash and cash equivalents		**20,857**	21,339
		77,243	89,240
Total assets		**2,149,328**	2,155,312
EQUITY			
Share capital	24	**2,297,499**	2,297,499
Other reserves		**79,313**	72,155
Accumulated losses		**(232,259)**	(215,640)
Total equity		**2,144,553**	2,154,014
LIABILITIES			
Current liabilities			
Trade and other payables		**4,775**	1,298
Total liabilities		**4,775**	1,298
Total equity and liabilities		**2,149,328**	2,155,312
Net current assets		**72,468**	87,942
Total assets less current liabilities		**2,144,553**	2,154,014

The balance sheet of the Company was approved by the Board of Directors on 11 March 2025 and was signed on its behalf.

Mr. Liu, Jun
Director

Mr. Fu, Shan
Director

36 BALANCE SHEET OF THE COMPANY *(cont'd)*

(a) Reserve movement of the Company

		Attributable to equity holders of the Company			
		Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2024		**2,297,499**	**72,155**	**(215,640)**	**2,154,014**
Loss for the year		**–**	**–**	**(16,619)**	**(16,619)**
Other comprehensive loss		**–**	**1,145**	**–**	**1,145**
Total comprehensive loss		**–**	**1,145**	**(16,619)**	**(15,474)**
Transactions with owners					
Share-based compensation expense	26	**–**	**6,013**	**–**	**6,013**
Total transactions with owners		**–**	**6,013**	**–**	**6,013**
Balance at 31 December 2024		**2,297,499**	**79,313**	**(232,259)**	**2,144,553**
Balance at 1 January 2023		2,297,499	59,294	(206,226)	2,150,567
Loss for the year		–	–	(9,414)	(9,414)
Other comprehensive loss		–	2,218	–	2,218
Total comprehensive loss		–	2,218	(9,414)	(7,196)
Transactions with owners					
Share-based compensation expense	26	–	10,643	–	10,643
Total transactions with owners		–	10,643	–	10,643
Balance at 31 December 2023		2,297,499	72,155	(215,640)	2,154,014

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

37.1 Subsidiaries and jointly controlled entities

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Jointly controlled entities

Jointly controlled entities are joint ventures that involve the establishment of corporation in which the Group and other venturers have their respective interests. The jointly controlled entities operate in the same way as other entities, except that a contractual agreement between the Group and other venturers established joint control and none of the participating parties has unilateral control over the economic activity of the jointly controlled entities. Investments in jointly controlled entities are accounted for using the equity method of accounting.

37.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

37.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

37.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is United States Dollars ("USD"). However, the consolidated financial statements are presented in RMB as the major operations of the Group are within the PRC (unless otherwise stated).

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.4 Foreign currency translation *(cont'd)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within 'other income and losses – net'.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(ii) Income and expenses for each statement of comprehensive loss are translated at average exchange rates of that period; and

(iii) All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

37.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs incurred during the construction period are capitalized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statement of comprehensive loss during the period in which they are incurred.

Construction in progress represents unfinished construction and equipment under construction or pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.5 Property, plant and equipment *(cont'd)*

The assets' residual values representing 5% of the original cost, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount These are included in profit or loss.

37.6 Investment properties

Investment properties, principally comprising buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in the income statement when the changes arise. The gain or loss on disposal of investment property is calculated as the difference between the net disposal proceeds and the carrying amount at the date of disposal.

37.7 Intangible assets

(a) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

(i) it is technical feasible of completing the intangible assets so that it will be available for use;

(ii) management intends to complete the software and use or sell it;

(iii) the ability to use or sell the intangible assets;

(iv) it can be demonstrated how the software will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the software are available, and

(vi) the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.7 Intangible assets *(cont'd)*

(b) Research and development expenditures

The Group incurs significant costs and efforts on research and development activities, which include expenditures on biosimilar and oncology drug. Research expenditure and development expenditure that do not meet the criteria in (a) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(c) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Software	3-5 years

37.8 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

37.9 Investments and other financial assets

37.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

(i) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(ii) Those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.9 Investments and other financial assets *(cont'd)*

37.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

37.9.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other income and losses – net' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'other income and losses – net'. Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses and impairment expenses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within 'other income and losses – net', in the period in which it arises.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.9 Investments and other financial assets *(cont'd)*

37.9.3 Measurement (cont'd)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in 'other income and losses – net' when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in 'other income and losses – net' in the consolidated statement of comprehensive loss as applicable.

37.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

37.11 Impairment of financial assets

The Group has three types of financial assets subject to HKFRS 9's expected credit loss model:

(a) trade receivables(including long – term receivables)

(b) contract assets, and

(c) other receivables

For trade receivables and contract assets, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected loss rates are based on the historical payment profiles, historical credit loss rates by individual and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

37.12 Inventories

Inventories including raw materials, work in progress, finished goods and consumables are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.13 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore all classified as current.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

37.14 Prepayments

Prepayments which are generally due for transfer to expense within one year or less and therefore are all classified as current assets.

Prepayments may include upfront cash payments made to contract research organizations ("CROs"), which are organizations that provide support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis. Prepayments to CROs will be subsequently recorded as research and development expenses in accordance with the applicable performance requirements.

37.15 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

37.16 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

37.17 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.18 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

37.19 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.19 Current and deferred income tax *(cont'd)*

(b) Deferred income tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

37.20 Employee benefit expenses

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no further payment obligation for post-retirement benefits beyond the contributions made.

TOT BIOPHARM Company Limited ("TOT Taipei"), a subsidiary of the Company, has established a defined contribution pension plan under the Labour Pension Act, covering all regular Taiwan employees. Under the plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance.

Contributions to the plan are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the employee leaves.

(c) Housing funds, medical insurance and other social insurance

Employees in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable.

(d) Bonus plan

The expected cost of bonus is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.20 Employee benefit expenses *(cont'd)*

(e) Employee leave entitlement

Employee entitlement to annual leave are recognized when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlement to sick leave and maternity leave is not recognized until the time of leave.

37.21 Share-based compensation benefits of the Group

(a) Equity-settled share-based payment transaction

The Group operates stock options and restricted shares granted to employees, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of equity instruments (options) is recognized as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

(i) including any market performance conditions;

(ii) excluding the impact of any service and non-market performance vesting conditions;

(iii) including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

At the end of each reporting period, the Group revises its estimates of the number of options and restricted shares that are expected to vest based on the non-market vesting performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement date and grant date.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

(b) Share-based payment transaction among group entities

The grant by the Company of options and restricted shares over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.22 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants related to costs are recognized in the consolidated statement of comprehensive loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

37.23 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

37.24 Leases as lessee

The Group leases properties and land use right in the PRC as lessee. Rental contracts of properties are typically made for fixed periods of 2 to 5 years but may have extension options as described below. Land use right is made for fixed periods of 50 years.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The consideration paid to lease the state-owned or collectively-owned land in the PRC are treated as prepayment for land use rights and included in right-of-use assets, which are stated at cost less accumulated amortization and impairment loss, if any. Land use rights are amortized over the lease period using straight-line method.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(cont'd)*

37.24 Leases as lessee *(cont'd)*

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of comprehensive loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise equipment and small items of office furniture.

Extension options are only included in the lease term if the lease is reasonably certain to be extended. The Group determine the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

37.25 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in 'other income and losses – net'.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

37.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's directors or shareholders, where applicable.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	**1,098,329**	780,629	442,178	76,325	22,491
Operating profit/(loss)	**41,254**	(33,060)	(39,076)	(259,700)	(288,672)
Profit/(Loss) before income tax	**34,757**	(37,756)	(50,046)	(261,216)	(288,498)
Profit/(Loss) for the year and attributable to the equity holders of the Company	**34,757**	(37,757)	(49,916)	(261,216)	(288,498)
Comprehensive income/(loss) for the year and attributable to the equity holders of the Company	**36,956**	(36,020)	(43,602)	(262,172)	(291,752)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Non-current assets	**765,495**	732,926	585,234	404,300	391,956
Current assets	**743,277**	693,175	676,797	305,963	249,227
Total assets	**1,508,772**	1,426,101	1,262,031	710,263	641,183
Non-current liabilities	**363,754**	356,929	271,245	114,364	6,083
Current liabilities	**415,363**	382,486	275,347	260,808	52,743
Total liabilities	**779,117**	739,415	546,592	375,172	58,826
Total equity	**729,655**	686,686	715,439	335,091	582,357

DEFINITIONS

"2020 Restricted Share Award Scheme"	the 2020 restricted share award scheme adopted by the Company on 29 May 2020 and subsequently amended on 29 July 2020, 23 December 2021, 1 November 2022 and 31 December 2022, details of which are disclosed on pages 8 to 21 of the Company's circular dated 3 August 2020, in its announcements dated 23 December 2021 and 1 November 2022 and in the section headed "Directors' Report – 2020 Restricted Share Award Scheme" of this annual report
"2024 Restricted Share Award Scheme"	the 2024 restricted share award scheme adopted by the Company on 26 June 2024, details of which are disclosed on pages 12 to 25 of the Company's circular dated 30 May 2024 and in the section headed "Directors' Report – 2024 Restricted Share Award Scheme" of this annual report
"ADC"	antibody-drug conjugate
"AGM"	the annual general meeting of the Company to be held in June 2025
"Amended and Restated Articles of Association"	the amended and restated articles of association of the Company which were adopted on 30 September 2019 and became effective on 28 October 2019
"Board"	the board of Directors of the Company
"CAGR"	compound annual growth rate
"CDMO"	contract development and manufacturing organization, which is a pharmaceutical company that develops and manufactures drugs for other pharmaceutical companies on a contractual basis
"Centerlab"	Center Laboratories, Inc. (晟德大藥廠股份有限公司), a company incorporated in Taiwan with limited liability on 4 November 1959 whose shares are listed on the Taipei Exchange (stock code: 4123)
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"CMO"	contract manufacturing organization, which is a pharmaceutical company that manufactures drugs for other pharmaceutical companies on a contractual basis
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	TOT BIOPHARM International Company Limited (東曜藥業股份有限公司) (formerly known as TOT BIOPHARM International Company Limited (東源國際醫藥股份有限公司)), a company incorporated in Hong Kong with limited liability on 4 December 2009 whose Shares are listed on the Stock Exchange (stock code: 1875)

"CRO"	contract research organization, which is a pharmaceutical company that conducts research for other pharmaceutical companies on a contractual basis
"date of this report"	11 March 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
"Director(s)"	the director(s) of the Company
"EU"	the European Union
"FDA"	the Food and Drug Administration of the United States
"GMP"	good manufacturing practice
"Group", "we", "us", "TOT BIOPHARM" or "TOT"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKAS(s)"	Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKFRS(s)"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huayao" or "Huayao Suzhou"	Huayao Pharmaceutical (Suzhou) Company Limited (華曜醫藥(蘇州)有限公司), a company incorporated in the PRC with limited liability on 23 November 2021, which was an associate of the Company and a joint venture of the Group before the cancellation of its business registration on 30 December 2023
"IND"	investigational new drug application
"IPO" or "Global Offering"	the initial public offering of the Company which was completed on the Listing Date
"Listing Date"	8 November 2019, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"mAb"	monoclonal antibody
"Macau"	the Macau Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"NMPA"	the National Medical Products Administration of the PRC
"NTD"	New Taiwan dollar(s), the lawful currency of Taiwan
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan
"Pre-IPO Share Option(s)"	the share option(s) granted under the Pre-IPO Share Option Scheme
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme adopted by the Company on 20 February 2013 and subsequently amended on 11 December 2017, 20 December 2018, 12 March 2019, 16 April 2019 and 22 July 2019, details of which are disclosed on pages V-36 to V-47 of the Prospectus and in the section headed "Directors' Report – Pre-IPO Share Option Scheme" of this annual report
"Prospectus"	the prospectus dated 29 October 2019 published by the Company
"QP"	Qualified Person
"R&D"	research and development
"RMB"	Renminbi, the lawful currency of the PRC
"Restricted Award Share(s)"	the Share(s) granted under the 2020 Restricted Share Award Scheme or the 2024 Restricted Share Award Scheme (as the case may be) and allotted and issued (or to be allotted and issued) to the trustees thereunder
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of Share(s)

"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriptions"	the allotment and issue of Shares by the Company to Centerlab and Vivo Suzhou Fund, which was announced on 31 May 2022 and completed on 29 July 2022
"Taipei Exchange"	Taipei Exchange (證券櫃檯買賣中心) in Taiwan
"TOT Suzhou"	BioDlink Biopharm Co., Ltd. (東曜藥業有限公司), a company incorporated in the PRC with limited liability on 5 July 2010, which is a wholly-owned subsidiary of the Company
"United States" or "US"	the United States of America
"US$" or "USD"	United States dollar(s), the lawful currency of the United States
"Vivo Capital Fund VIII, L.P."	Vivo Capital Fund VIII, L.P., a limited partnership organized in the State of Delaware of the United States on 17 December 2014, which is a Shareholder
"Vivo Suzhou Fund"	Vivo (Suzhou) Health Industry Investment Fund (Limited Partnership) (維梧(蘇州)健康產業投資基金(有限合夥)), a limited partnership organized in the PRC on 26 November 2021, which is a Shareholder

In this annual report, the terms "associate(s)", "close associate(s)", "connected person(s)", "connected transaction(s)", "continuing connected transaction(s)", "controlling shareholder(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2024

CONTENTS

ABOUT THE REPORT

1. Report description

This Report is the sixth Environmental, Social, and Governance (ESG) Report released by TOT BIOPHARM International Co., Ltd. (hereinafter referred to as "the Report"). The Report is published annually, focusing on disclosing the Company's performance in ESG topics such as responsible governance, product quality, customer service, research and development innovation, talent development, production safety, occupational health, environmental protection, supply chain management, and social contributions, etc.

2. Basis of compilation

This Report is prepared in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide (ESG Reporting Guide)* as set out in Appendix C2 to the Rules Governing the Listing of Securities (hereinafter referred to as "Listing Rules") on The Stock Exchange of Hong Kong Limited (hereinafter referred to as "HKEX"). It also makes references to the "*GRI Standards*" (2021 edition) issued by the Global Sustainable Development Standards Committee (GSSB) and the United Nations Sustainable Development Goals (SDGs). The Report strictly adheres to the disclosure requirements of the *ESG Reporting Guide* regarding "mandatory disclosure" and "comply-or-explain". The section on climate change is compiled based on the "Part D: Climate-related Disclosures" in the HKEX's *Environmental, Social, and Governance Reporting Code*.

3. Scope and boundary of the Report

Unless otherwise specified, the information in this Report covers the period from January 1, 2024, to December 31, 2024 (hereinafter referred to as"the reporting period"), with some content pertaining to periods outside the reporting period. The scope of the Report includes TOT BIOPHARM International Company Limited and its subsidiaries (hereinafter referred to as "the Group", "TOT BIOPHARM", "the Company" or "we").

4. Principles of reporting

The Report follows the reporting principles of HKEX's "ESG Reporting Guide", which includes:

Materiality: The Company identifies and evaluates key ESG issues by distributing ESG-related questionnaires to stakeholders, ranks their importance, and addresses stakeholders' concerns in the Report.

Quantitative: The Report discloses key quantitative performance indicators and provides disclosure of the standards, methods, or calculation tools used for the data.

Consistency: The Report maintains consistency in the statistical and disclosure methods of the same indicators across different reporting periods. Any changes in the statistical and disclosure methods should be fully explained in the Report's notes.

5. Sources of information and reliability assurance

Data in the Report comes from the Group's internal materials, survey and interview records, and relevant documents. The monetary amounts involved in this Report are measured in RMB, unless otherwise specified. The Board of Directors ("the Board" and its members are "Directors") undertakes that the Report does not contain any false or misleading information and accepts liability for the truth, accuracy and completeness of the contents of this Report.

6. Review and approval

This Report was approved by the management and subsequently passed by the Board on March 11, 2025.

7. Report acquisition

The Report is available in both Traditional Chinese and English. The electronic version of the Report is available on the Group's website, www.totbiopharm.cn or on the HKEX's website, www.hkexnews.hk. If there are any discrepancies between the two versions, the Chinese version shall prevail.

ENTERING TOT BIOPHARM

1. Company overview

TOT BIOPHARM was established in 2010, headquartered in Suzhou Industrial Park. The Company focuses on providing one-stop CDMO solutions from biopharmaceutical development to commercial production and aims to become a leading industry partner trusted by customers in the biopharmaceutical field. Since its establishment, TOT BIOPHARM has engaged in diverse strategic partnerships with pharmaceutical companies both domestically and internationally. Leveraging its rich practical experience, mature technological platform, and quality system, TOT BIOPHARM assists clients in accelerating the development and production of biopharmaceuticals, particularly Antibodies (Abs), fusion proteins, Antibody-Drug Conjugates (ADCs), and bioconjugates, empowering the industry's high-quality development.

TOT BIOPHARM has a commercial biopharmaceutical production base that complies with GMP standards and maintains continuous online production of commercial products. The Company's quality management system meets the requirements for declaration in China, the United States, the European Union, and Japan. And we have undergone inspections of the production sites and GMP quality management systems by national drug regulatory authorities. We have extensive experience in product registration verification. The base is equipped with multiple complete production lines for raw materials and formulations, with an annual production capacity of 300,000 liters for Antibodies and over 960 kg for conjugated drugs, making it one of the few commercial production lines in China for Antibodies and ADCs. Currently, the Company has accumulated experience in process development, clinical applications, and production services for over a hundred customer projects. TOT BIOPHARM has a mature and stable core team and a good reputation for providing customers with high-quality professional services.

2. Main business

TOT BIOPHARM focuses on providing a one-stop CDMO solution for the development and commercial production of biopharmaceuticals. The team has full-process experience from research and development, process development, clinical trials, regulatory approval to commercial production. We have established a one-stop, on-site, end-to-end service platform for Antibodies, fusion proteins, ADCs, and bioconjugates, with core conjugation processes and scaling-up technological advantages, as well as independent analysis capabilities for critical quality attributes to ensure high-quality product development.

- Drug research and process development: TOT BIOPHARM has an advanced technological platform to provide clients with services such as drug development, production process optimization, and technology transfer, ensuring smooth transitions of products at various stages of research and development.

- Clinical Trial Manufacturing: the Company provides production support during the clinical research stage to ensure the quality and compliance of drug manufacturing during the trial phase.

- Commercial Production: TOT BIOPHARM has the capability for large-scale commercial production. Currently, the Company possesses four complete international first-line brand commercial production lines, including two for Antibodies and two for ADCs. This includes five raw material workshops and four formulation workshops, enabling the provision of production services that adhere to GMP standards for pharmaceutical companies worldwide.

- Quality System and Compliance: Based on the continuous construction of the six systems outlined in ICH Q10 and the Food and Drug Administration (FDA), the maintenance of a quality management system that meets the GMP standards of China, the United States, Europe, and Japan, and adhering to the ALCOA+ principles for data integrity, we strive to meet the requirements for declaration and commercial production in China, the United States, the European Union, and Japan.

TOT BIOPHARM is committed to technological innovation and has invested heavily in developing competitive conjugation technology and production technology platforms, demonstrating strong technical capabilities. Particularly in the production of monoclonal Antibodies, recombinant proteins, and conjugated drugs, TOT BIOPHARM continuously optimizes its production processes to ensure efficient, reliable, and internationally standardized production solutions for customers.

In terms of proprietary product sales, the Company has adhered to a differentiated sales strategy for its core proprietary product, Pusintin® (Bevacizumab Injection), in the early stage. By continuously penetrating the market, we have gained a good market reputation. The product quality and development experience have also laid a solid foundation for the sustainable development of the Company's CDMO business.

3. Company honors in 2024

Award	Awarding unit
National-level Specialized, Refined, Distinctive, and Innovative "Little Giant" Enterprise	Industry and Information Technology Department of Jiangsu
Intelligent Manufacturing Workshop in Jiangsu Province	Industry and Information Technology Department of Jiangsu
Jiangsu Enterprise Technology Center	Industry and Information Technology Department of Jiangsu
2024 Jiangsu Gazelle Enterprise	Productivity Centre of Jiangsu Province
Third Batch of Intellectual Property Strong Enterprise Cultivation Project Advantaged Enterprise in Suzhou	Suzhou Market Supervision and Administration Bureau
Suzhou Industrial Park 2A Green Factory	Suzhou Industrial Park
Suzhou Industrial Park Biopharmaceutical and Large Health Industry Service Enterprise	Suzhou Industrial Park
2024 Annual Most Growth Value Award	Evaluation Committee of the 5th STIF International Science and Technology Innovation Festival
Most Investment Value Award	Organizing Committee of the 13th CFS (China Financial Summit) in 2024
2024 Annual Outstanding High-end Manufacturing Enterprise	Guru Club
2024 Annual Transformation Pioneer Enterprise	Guru Club
2024 China Pharmaceutical Listed Company ESG Competitiveness TOP10	E-pharm Manager
Top 100 Brands of Life Science Service Enterprises in China for 2024	E-pharm Manager
New Infrastructure Pioneer Enterprise of ADC	Organizing Committee of the First Future XDC New Drug Conference
Outstanding Employer Award	51Job

4. 2024 in numbers

Improve Governance

- Signing rate of suppliers' *Integrity Commitment*: **99.5%**
- **Zero** corruption-related lawsuit
- **Zero** major breach of trust

Quality leading

- GMP system certifications obtained in **4** countries: China, Egypt, Indonesia, and Colombia
- **38** external quality system audits conducted with **100%** successful compliance
- **Zero** major customer complaint
- **Zero** customer privacy breach
- Received **3** policy-based incentives in intellectual property, totaling RMB**221,000**

Sustainable development

- The intensity of greenhouse gas emissions has decreased by **90%** compared with the base year, which is 2021
- Organized **4,370** hours of EHS-related training

Co-creation future

- Total employees: **611**
- **Zero** major labor dispute case
- Employee satisfaction score: **9.59**
- **100%** achievement of safe production targets
- **Zero** occupational disease incident
- **54** suppliers certified to ISO 14001, 119 suppliers certified to ISO 9001, **44** suppliers certified to ISO45001
- **11** new suppliers onboarded

Advance together

- Donated RMB**20,000** to Suzhou BenQ Foundation
- Distributed medical supplies totaling **85,000** doses to multiple provinces including Hubei, Hebei, Shanxi, Hunan and other regions

I IMPROVE CORPORATE GOVERNANCE AND PURSUE LONG-TERM DEVELOPMENT FOR TOT BIOPHARM

Benchmarking the United Nations Sustainable Development Goals (SDGs)

Important issues

- Compliance
- Risk management
- Responsible marketing
- Tax management
- Anti-corruption
- Anti-monopoly and fair competition
- Business ethics
- ESG governance

As a responsible pharmaceutical company, TOT BIOPHARM understands that sound and effective corporate governance is a fundamental guarantee for achieving sustainable development. We strictly adhere to the applicable laws and regulations of the countries and regions in which we operate, as well as the regulatory requirements of the HKEX, established a comprehensive corporate governance system, continuously strengthen internal controls, mitigate risks, regulate our business conduct, implemented ESG governance, and consistently enhance our governance standards. These efforts lay a solid foundation for the Company's sustainable development.

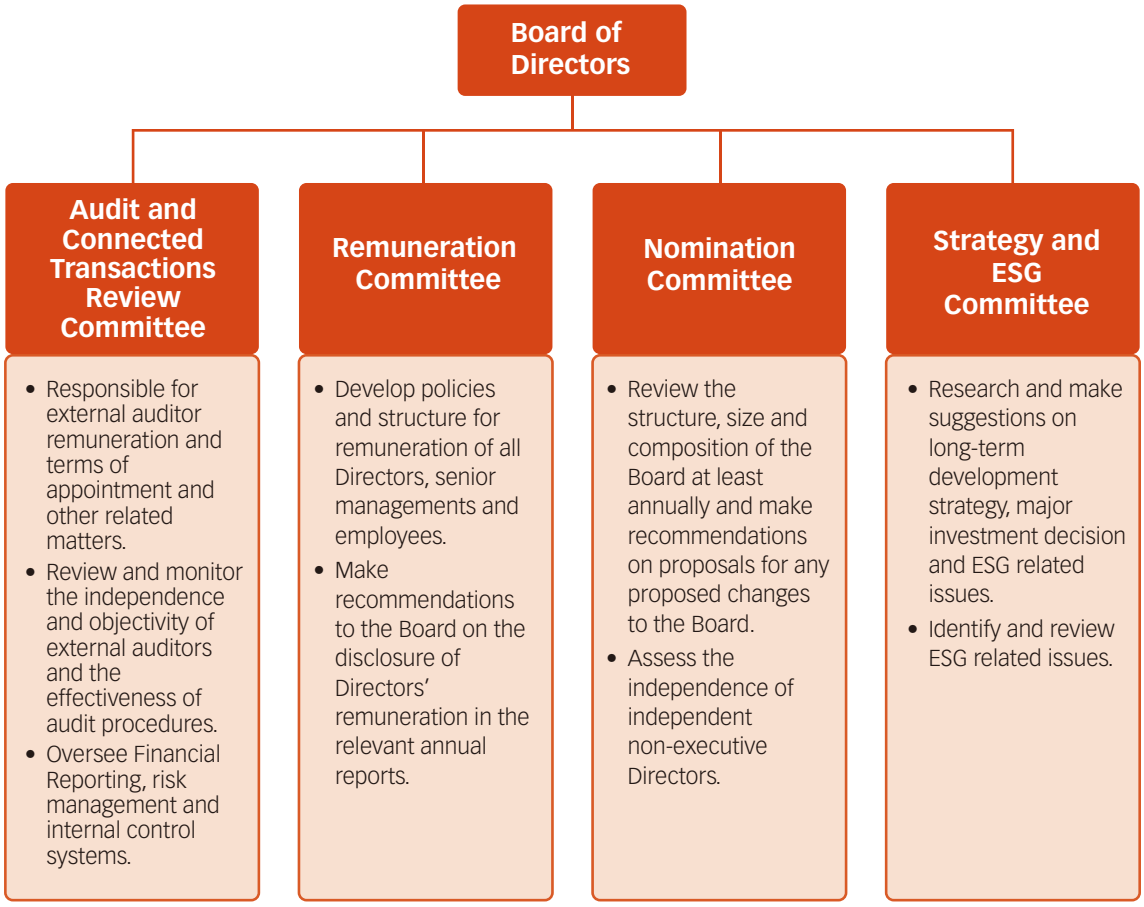
1. Corporate governance

a) Corporate governance structure

TOT BIOPHARM strictly adheres to the laws and regulations such as the *Companies Ordinance (Chapter 622 of the Laws of Hong Kong)*, the *Listing Rules of the HKEX*, and the *Corporate Governance Code* and regulatory requirements, established a comprehensive corporate governance system. The general meeting of shareholders is the highest decision-making body and the Board is responsible for decision-making and supervision of the daily business. Under the Board, there are four professional committees, the Audit and Connected Transactions Review Committee, the Remuneration Committee, the Nomination Committee, and the Strategy and ESG Committee, responsible for the management of specific aspects of the Company.

To further enhance governance effectiveness, TOT BIOPHARM has formulated the *Corporate Governance Policy* to strictly implement the principle of diversity of board members. In the process of selecting Directors, the Company comprehensively considers candidates' professional skills, regional and industry experience, backgrounds, race, gender, and other factors, aiming to build a board of Directors' team with complementary talents and rich experience to ensure the scientific nature of board decisions. As of the end of the reporting period, TOT BIOPHARM's board of Directors consists of seven members, including one executive Director, three non-executive Directors, and three independent non-executive Directors, with female Directors accounting for 28.6%, and three Directors holding doctoral degrees.

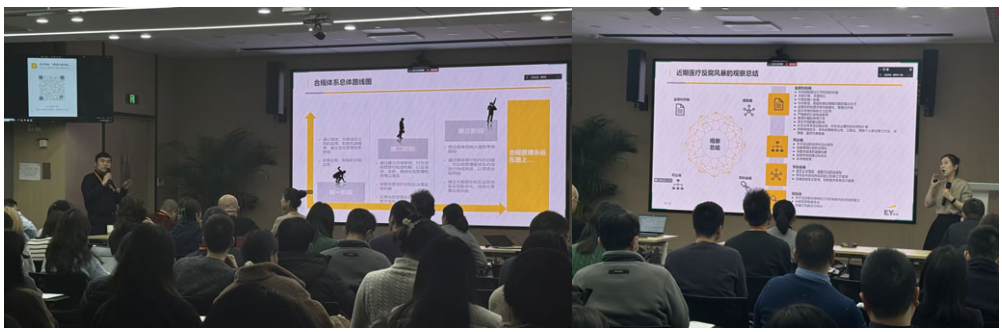
The specific responsibilities of each board committee at TOT BIOPHARM are as follows:



b) Compliance management

The compliance management has always been the solid foundation for us to practice corporate social responsibility and achieve sustainable development. We strictly adhere to domestic and international laws and regulatory requirements, and consistently uphold stringent compliance management in various aspects such as quality control, production processes, R&D innovation, financial and tax reporting, business ethics, data security, environmental protection, labor employment, among others. We are committed to establishing a sound and comprehensive compliance management system.

TOT BIOPHARM considers enhancing the compliance literacy of Directors and employees as a key task, always strictly adhering to the requirements of Aspect B7 of the *ESG Reporting Guide* of the HKEX. We regularly provide compliance training for Directors and employees, including anti-corruption training. During the reporting period, a third-party consulting firm was hired to conduct compliance training of the pharmaceutical industry for all employees and Directors. The training content focuses on several key thematic areas such as anti-bribery and anti-corruption, anti-monopoly, etc., effectively promoting the professional capacity building of the Company in compliance management, ensuring that the Company's development always proceeds steadily along the legal and compliant track. During the reporting period, TOT BIOPHARM had no records of any litigation or settled cases involving corruption or embezzlement.



Compliance Training

In order to conduct a thorough review and evaluation of the effectiveness of compliance management within the Company, and to promote continuous improvement and enhancement of compliance management, we have established a compliance and internal audit department. We have also formulated an *Internal Audit Charter* that clearly outlines the responsibilities, authorities, work content, audit procedures, and standardizes the daily audit work. In 2024, we also adjusted our organizational structure by adding internal control positions to ensure the separation of control and auditing. Since 2022, we have completed the compliance audits of the Contract Sales Organization (CSO) for three consecutive years. After three years of compliance audit work, the Company's CSO compliance management has shown initial results, and the cooperation and compliance management between the Company and CSO in promoting drugs have been continuously improving.

c) Business ethics

TOT BIOPHARM understands deeply that complying with laws and regulations and adhering to business ethics are obligations and responsibilities that should be fulfilled to shareholders and the public. We are committed to maintaining the openness, transparency, integrity, and honesty of our operations through a rigorous system of business ethics. We hold ourselves and our business partners to strict standards to actively promote a clean business environment.

(1) Standardized system management

TOT BIOPHARM strictly complies with relevant applicable laws and regulations of the country, industry, and the location of operation, including but not limited to the *Criminal Law of the People's Republic of China,* the *Anti-Money Laundering Law of the People's Republic of China,* the *Interim Provisions on Prohibiting Commercial Bribery Behaviors,* the *Civil Code of the People's Republic of China,* the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests,* the *Anti-Monopoly Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China,* and the *Advertising Law of the People's Republic of China*, and is committed to eliminating all behaviors that violate business ethics.

TOT BIOPHARM has formulated and released the *Compliance Operation Manual*, which covers responsible marketing, anti-commercial bribery, and anti-fraud related management regulations. We focus on anti-commercial bribery compliance and anti-fraud compliance, which are two areas with high risks and frequent violations in the pharmaceutical industry. We have strengthened our integrity policies and established good relationships with government officials, healthcare professionals, medical institutions, and upstream and downstream business partners. In terms of responsible marketing, we emphasize controlling risks related to anti-monopoly and fair competition, clearly stipulating that all interactions must not aim to gain undue benefits or competitive advantages, and fair competition shall be conducted in sales and business activities in accordance with the law.

In addition, we have formulated the *Code of Business Conduct* to establish the concept of treating business partners and third parties fairly and honestly. Through the *TOT BIOPHARM Employee Handbook*, we regulate employees' business dealings and enhance their business ethics and compliance capabilities. Externally, we actively encourage suppliers to sign the *Integrity Commitment* to enhance their awareness of business ethics and compliance. During the reporting period, the signing rate of the *Integrity Commitment* by TOT BIOPHARM suppliers reached 99.5%.

TOT BIOPHARM has maintained a good credit status throughout, with no major incidents of dishonesty. TOT BIOPHARM has also not received any written criticisms, warnings, or penalties.

(2) *Management of whistleblowing*

TOT BIOPHARM is committed to maintaining high standards of integrity, transparency, probity, and accountability. We have established a comprehensive whistleblowing management mechanism and formulated the *Whistleblowing Policy*, which clearly states that the Board or the Audit and Connected Transactions Review Committee is responsible for supervising the implementation of the *Whistleblowing Policy*. Additionally, for cases of corporate fraud and violations, we have developed the *Management Measures for reporting and Investigating Violations*. We encourage and expect employees and business partners to report any improper behavior, fraud, or violations within the Company. For reported incidents, TOT BIOPHARM will carefully verify all reported contents, authorize the investigation of potential and actual violations, and take corrective measures in a timely manner according to the specific circumstances.

We attach great importance to protecting the rights of whistle-blowers and have established a strict system to ensure the confidentiality of their identities and provide protection mechanisms. We offer the following safeguards and support to whistle-blowers:

- Whistle-blowers who make truthful and appropriate reports will not face unfair dismissal, persecution, or improper disciplinary action, even if the reported allegations are ultimately found to be unsubstantiated.

- If any individual takes or threatens to take retaliatory action against the whistle-blower, TOT BIOPHARM reserves the right to take appropriate actions against them.

Whistleblowing channels:

Whistleblowing can be made by mail or email.

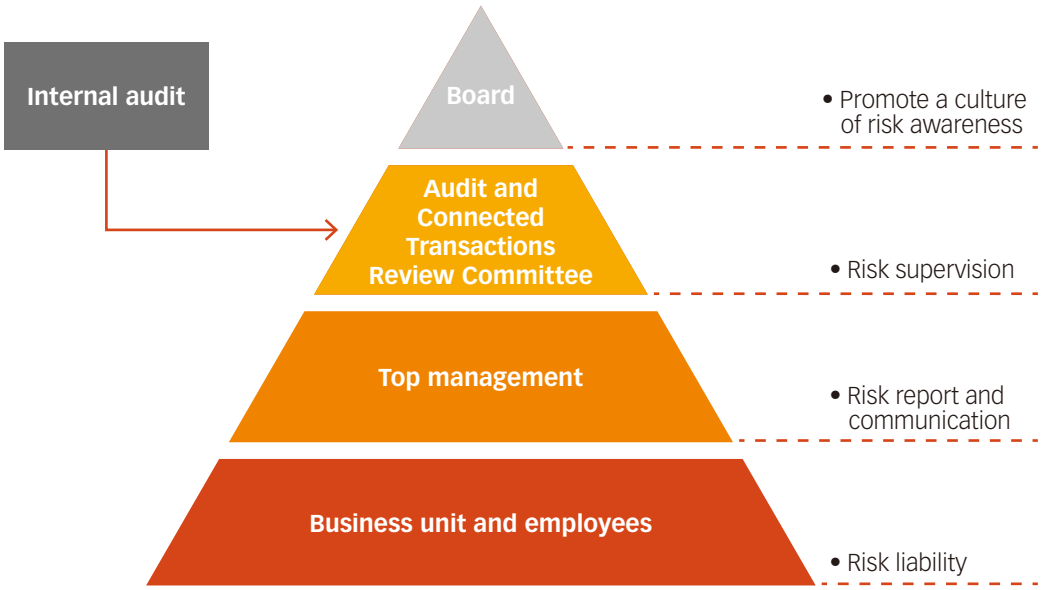
- Mailbox: Legal Department, TOT BIOPHARM Company Limited, No. 120, Changyang Street, Suzhou Industrial Park.

- Email: jubao@totbiopharm.com

d) Risk management

TOT BIOPHARM places great emphasis on corporate risk management and has formulated the *Risk Management Policy*. The policy clearly outlines the risk governance structure, risk management procedures, review frequency, and other related aspects. The purpose is to identify, assess, address, monitor, and communicate key risks such as strategic risks, financial risks, operational risks, and compliance risks. Additionally, we have established the *Corporate Governance Policy* that specifies the responsibilities of the Board within the risk management system. The Board is fully responsible for the risk management system and reviews its effectiveness. At least once a year, the Board conducts a comprehensive review of the Group's risk management and internal control systems to ensure alignment with the Company's strategic and risk management objectives.

TOT BIOPHARM conducts regular internal control assessments to identify risks that may have potential impacts on the Company's operations, key business and financial processes, regulatory compliance, quality control, and information security. The Company conducts self-assessments annually, with the management team collaborating with department heads to assess the likelihood of risks occurring, provide mitigation strategies, monitor risk management progress, and report all investigation results and the effectiveness of related systems to the Audit and Connected Transactions Review Committee and the Board.



Risk Governance Framework and Roles

e) Tax management

TOT BIOPHARM has always adhered to a high sense of responsibility and professionalism, strictly complying with national and local tax laws and regulations, and actively fulfilling tax obligations. We have established a comprehensive tax management system, equipped with a professional finance and tax team to ensure the accuracy and timeliness of tax declarations. And we have formulated related systems such as the *Tax Declaration and Settlement Management Procedure*, *the Management and Preservation of Tax Records*, and the *Tax Registration Management Procedure*.

From tax planning to tax risk prevention, we have carefully planned and strictly managed these processes. In terms of tax planning, in response to the nature of the biopharmaceutical industry and the growing diversity of the Company's business, we have established long-term tax advisory cooperation with professional accounting service firms. Additionally, to keep up with changes in tax laws, we arrange for financial personnel to participate in external tax training annually to enhance our tax planning capabilities. In terms of tax prevention and control, we have formulated the *Tax Risk Treatment Procedure* to promptly identify and alert potential tax risks and take effective countermeasures. In 2024, in view of the frequent and special problems encountered in CDMO's domestic and foreign business, we sorted out and updated the contents that need attention in tax work, communicated with the internal team, and maintained the good qualification of A-level taxpayers in the annual review.

2. ESG governance

a) Statement of the Board

(1) Management policies and strategies

The Board of TOT BIOPHARM, as the highest decision-making body for ESG management, consistently upholds the ESG development philosophy. They comprehensively identify ESG risks and opportunities based on the Company's actual situation, continuously optimize ESG management policies and strategies, improve ESG management practices, and actively engage in effective communication with all stakeholders.

In 2024, we conducted a review of our ESG management work for the year, re-identified and reassessed important issues, with a focus on strengthening TOT BIOPHARM's management and practices in key areas such as product quality and safety, healthcare accessibility, response to climate change, customer service, responsible marketing, anti-corruption, and occupational health and safety.

(2) Objective review

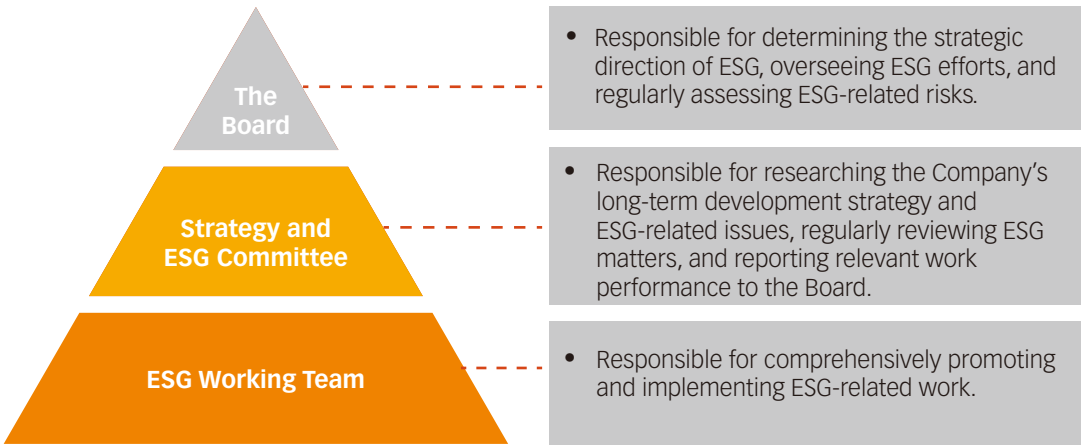
TOT BIOPHARM has set key performance targets in various aspects such as emissions, resource usage, and greenhouse gas emissions, in accordance with the requirements of the HKEX's "ESG Reporting Guide". The Company's Strategy and ESG Committee is responsible for regularly reviewing the progress of achieving these targets.

During the reporting period, we reviewed the achievement of our 2024 environmental key performance objectives and the Group has been doing well in achieving its 2024 environmental key performance objectives. The three-year goal set with 2021 as the benchmark has been successfully concluded with excellent results under our efforts. To continue monitoring the environmental impact of our operations, we have set environmental key performance targets for 2025 with 2021 as the base year. For details on the progress of the 2024 environmental key indicators and the specific content of the 2025 environmental key performance targets, please refer to the "Environmental management system" section of this Report.

b) ESG governance framework

TOT BIOPHARM has deeply integrated the concept of sustainable development into its corporate strategy and management, establishing a top-down ESG governance framework to drive the Company towards sustainable operations.

The Board is the highest decision-making body for ESG governance within the Company, responsible for leading the ESG initiatives of the Group. Under the Board, there is a Strategy and ESG Committee composed of 5 Directors. The Company has established the *Organizational Regulations of the Strategy and ESG Committee*, which outlines the ESG responsibilities of this committee. Under the Strategy and ESG Committee, there is an ESG Working Team consisting of the CEO, executive Directors, and Company management personnel. The CEO, who also serves as an executive Director, leads the ESG Working Team, and the Company secretary is assigned to drive and supervise the relevant initiatives.



ESG Governance Structure and Responsibilities

c) Stakeholder communication

TOT BIOPHARM fully recognizes the crucial effectiveness and value that each stakeholder embodies in promoting the Company's progress. Based on the nature of our business, we have identified the Company's stakeholder groups, including shareholders and investors, government and regulatory agencies, employees, communities and non-governmental organizations, media and the public, suppliers, partners, and customers. We establish regular communication channels to engage in timely and effective communication with stakeholders, actively respond to their needs, and maintain close connections.

TOT BIOPHARM has established a comprehensive information disclosure mechanism and a multi-channel communication system to ensure that stakeholders can access the Company's cutting-edge information equally and promptly. The Company regularly publishes and updates corporate announcements, financial reports, and other information on its official website and other relevant platforms to ensure the timely and wide dissemination of information. Currently, our communication channels include but are not limited to shareholder meetings, interim and annual reports, announcements, press releases, roadshows, and site visits.

Stakeholders	Concerns	Communication Channels
Shareholders and investors	• Board involvement in ESG management • Abide by business ethics • Operational risk management • Industry trends • Technology and innovation	• Shareholders' meeting • Shareholders' visits • Performance briefing • Roadshows • Investor research activities • Investor hotline • Company announcement • WeChat official account
Government and regulators	• Abide by business ethics • Operational risk management • Energy and greenhouse gas management • Waste management • Management of the use of water resources	• Press Releases/information announcements • Regular communication • On-site visits
Employees	• Diversity and integration of staff • Employee health and safety • Employee training and development • Employment policy • Employee compensation and benefits	• Suggestion box and trade union channels • Team building activities • Employee satisfaction surveys
Community/non-governmental organization	• Charitable and community contributions • Emissions management • Energy and greenhouse gas management	• Carrying out public welfare activities • Regular visits • Undertake activities to reduce emissions

Stakeholders	Concerns	Communication Channels
Media and public	• Timely release and transparency of information • Product quality • News coverage	• Timely release of information through the Group's official website and WeChat official account • Pay attention to the needs of doctors and patients
Suppliers	• Abide by business ethics • ESG management of suppliers • Fair and transparent procurement	• On-site assessment • Supplier evaluation • Supplier audit • Improving the management of bidding and procurement
Partners	• Product quality control • Protection of intellectual property rights • R&D innovative	• Technical meetings • Online communication • Industry communication conferences
Customers	• Product quality control • Protection of customer privacy • Marketing and branding	• Customer satisfaction investigation • Handling of customer complaints • Brand promotion • Label management

TOT BIOPHARM has formulated the *Shareholders Communication Policy*, through which shareholders and investors can submit inquiries or suggestions to the Company via various channels such as phone and email, ensuring that shareholders' opinions and concerns are properly addressed. In 2024, the Company focused on enhancing communication with the capital market, actively engaging in various investor relations management activities including roadshows and performance presentations to promptly respond to shareholders' and investors' demands. During the reporting period, TOT BIOPHARM conducted over 40 offline and online investor roadshows with participation exceeding 200 individuals. The Company was honored with awards such as the "Most Valuable Investment Award" at the 13th China Finance Summit, the "2024 Annual Outstanding High-end Manufacturing Enterprise" and "2024 Annual Transformation Pioneer Enterprise" from Guru Club, and the "2024 Annual Most Growth Value Award" from the Evaluation Committee of the 5th STIF International Science and Technology Innovation Festival.

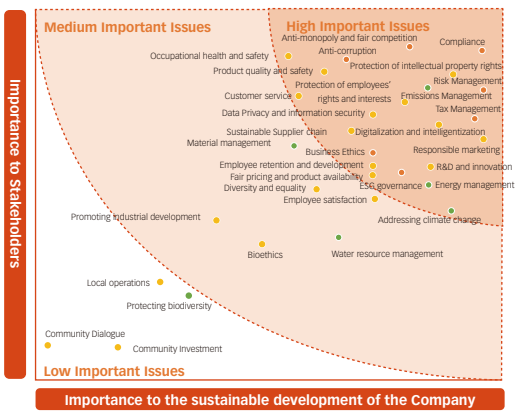
d) Analysis of important issues

In 2024, TOT BIOPHARM re-identified 32 key issues based on the own operational reality, in accordance with the *ESG Reporting Guide* of the HKEX, referencing international sustainable development standards and ESG issues within the industry. Using matrix analysis, these issues were prioritized based on the dimensions of "importance to stakeholders" and "importance to TOT BIOPHARM's sustainable development", ensuring that the Company meets stakeholder expectations while effectively advancing its own sustainable development goals.

Re-identification of ESG issues — Update the ESG issues based on the Company's operational conditions and industry development trends.

ESG issues materiality assessment — Evaluate the materiality of ESG issues through online questionnaires distributed to key stakeholders.

ESG Issues review & confirmation — The Board conducts final review and confirmation of the materiality assessment results of ESG issues.



- **High Important Issues:**

Compliance	Protection of intellectual property rights
Risk Management	Product quality and safety
Emissions management	Occupational health and safety
Protection of employees' rights and interests	Customer service
Data Privacy and information security	Sustainable supplier chain
Business Ethics	Employee retention and development
Responsible marketing	R&D innovation
Energy management	Fair pricing and product availability
Anti-corruption	Anti-monopoly and fair competition
Addressing climate change	Tax management
Digitalization and intelligentization	ESG governance

- **Medium Important Issues:**

Diversity and equality	Water resource management
Bioethics	Employee satisfaction
Promoting industrial development	Material management

- **Low Important Issues:**

Local operation	Community dialogue
Protecting biodiversity	Community investment

Note: The issues marked in green, yellow and orange represent the identified issues of environmental, social and corporate governance importance, respectively.

II ACHIEVE QUALITY OPERATION AND REACH EXCELLENCE FOR TOT BIOPHARM

Benchmarking the United Nations Sustainable Development Goals (SDGs)

Important issues

- Product quality and safety
- R&D innovation
- Bioethics
- Protection of intellectual property rights
- Fair pricing and product availability
- Data privacy and information security
- Customer service
- Digitalization and intelligentization

TOT BIOPHARM is dedicated to pursuing excellent quality, continuously deepening and effectively implementing the core values of "professionalism and efficiency, quality first". We strictly adhere to a series of laws and regulations such as the *Drug Administration Law of the People's Republic of China*, the *Good Manufacturing Practice of Medical Products, the Measures for the Administration of Drug Registration*, and the *Good Pharmacovigilance Practice*. We continuously strengthen quality management, strictly supervise product quality, create a strong quality culture atmosphere, and make every effort to ensure product safety.

1. Product liability

a) Enhance quality management

(1) Quality management system

TOT BIOPHARM pursues excellence in quality, continuously optimizes and improves the quality management system, and strictly ensures product quality and safety. We have a Quality Management Center, which includes the Quality Assurance Department, Quality Control Department, and Registration Affairs Department. The Company's quality management system spans the entire lifecycle of the product. Before and after production, the quality department ensures comprehensive quality control by implementing pre-production quality control, in-process quality control, and post-production product quality control.

We have divided our Company's quality system into Research and Development Quality Management System and Good Manufacturing Practice (GMP) Quality Management System according to various stages of the product lifecycle. The Research and Development Quality Management System mainly covers the process development and method development stages of the products, while the GMP Quality Management System mainly covers the production and testing starting from the batch of clinical samples. We have established a quality management system approved by the drug administration according to the requirements of NMPA, FDA and EMA regulations and guidelines, as well as the ICH Q8-Q10 Drug quality system life cycle management. And the production workshop of monoclonal antibody drugs and the production workshop of chemical oral preparations have passed the on-site verification of national drug registration and GMP compliance inspection, to ensure that the quality of drugs is stable and meets the predetermined safety and effectiveness standards. As of December 2024, the Company has obtained GMP quality management system certification in China, Egypt, Indonesia, and Colombia.

In 2024, we further improved our quality management system by optimizing internal management systems such as the *Standard Operating Procedure of Material Expiry Date Management*, the *Standard Operating Procedure of Corrective Action and Preventive Action*, the *Standard Operating Procedure of QA in Process Control Management*, and the *Standard Operating Procedure of Material Release*, among others. We continuously tracked regulatory developments globally, conducted gap analyses on legal requirements in quality management, and formulated corresponding Corrective Action and Preventive Action (CAPA) measures for all identified issues, enhancing the compliance of our quality management system. We actively promote the digital construction in quality management. We have launched and put into operation the LIMS (Laboratory Information Management System), formulated the User Requirement Specification for the optimization of the DMS (Document Management System) and the URS of the QMS (Quality Management System). We conduct electronic computerized systematic management and regularly back up data to ensure the integrity, authenticity and traceability of the data. During the reporting period, we underwent a total of 38 external quality system audits, all of which were successfully passed.

In 2024, we accepted:

- External regulatory inspections including pre-market GMP compliance inspections for Bevacizumab Injection in Pakistan, Colombia, and Brazil;
- Regular GMP compliance inspections conducted by Jiangsu Medical Products Administration;
- Routine supervision and inspection conducted by Suzhou Inspection Branch of Jiangsu Medical Products Administration;
- On-site inspection for the amendment changes to Production License Type C conducted by Jiangsu Medical Products Administration;
- Audit invited by the EU Qualified Person (QP);
- Audit by other clients.

(2) *Quality risk management*

In order to effectively prevent and control quality risks and ensure the stability and reliability of product and service quality, we have established a comprehensive system of documents covering quality risk, quality supervision management, and quality emergency response. The aim is to control risks at the source, strengthen process supervision, and respond to emergencies from multiple dimensions, in order to minimize the probability of quality risk events and their potential negative impacts.

We have established the *Quality Risk* Management system, which is comprehensively applied to various stages including drug development, production, quality inspection, and market sales, to control quality risks throughout the entire lifecycle from product research and development to commercialization. The senior management team of the Company is responsible for organizing cross-departmental quality risk management. The quality risk management process can be divided into three key stages: risk assessment, risk control, and risk review. We conduct timely risk communication at each key stage and take measures based on the results of risk assessment. In implementing the quality risk management process, we fully utilize a combination of prospective and retrospective approaches to systematically identify, assess, control, communicate, and review product quality risks.

In 2024, we optimized the management systems and processes related to quality supervision and quality emergency management, such as the *Standard Operating Procedure of Deviation Handling*, the *Standard Operating Procedure of Change Control*, and the *Standard Operating Procedure of Alert and Action Management*, providing further assurance for quality risk control.

(3) Cultivating a culture of quality

TOT BIOPHARM is steadfast in implementing the quality policy of "quality first, continuous improvement, and providing customers with high-quality products and services", continuously deepening the construction of a quality culture. We have established clear quality objectives, including but not limited to product qualification rate, internal and external audit pass rates, deviations, changes, and the timely completion rate of CAPA. In addition, we motivate employees effectively, promote quality culture, and provide education to fully mobilize the enthusiasm and initiative of employees, enhancing their profound understanding and keen awareness of the importance of quality.

We have carefully formulated and implemented attractive employee incentive strategies, establishing the *Implementation Rules of TOT BIOPHARM Quality Award* to select quality award cases from various departments. In 2024, we conducted the GMP annual training according to the annual training plan. At the same time, we organized quality slogan rotating display, all-staff compliance training, FDA mock audits, GMP knowledge competitions, quality award evaluations, and other quality month activities to promote the widespread dissemination of quality-related professional knowledge and quality concepts within the Company.

FDA Mock Audits and GMP Knowledge Competitions

b) Product safety management

(1) *Drug registration management*

TOT BIOPHARM strictly complies with the *Drug Administration Law of the People's Republic of China* and the *Measures for the Administration of Drug Registration*, establishing a comprehensive drug registration management system. The Company has set up a Registration Affairs Department, which is mainly responsible for maintaining the value of listed drugs, creating value for proprietary products, providing CDMO-related consulting and registration business support, as well as departmental platform and team building. In 2024, we revised the *Standard Management Procedures for Annual Report of Drugs* and upgraded it to a bilingual version in Chinese and English. Following the Company's organizational restructuring, we have introduced a bilingual version of the Standard Operating Procedures for Registration Affairs Departmental Responsibilities in Chinese and English and updated the *Standard Operating Procedures for Registration Affairs Department Responsibilities*.

We have rich practical experience in registration and declaration, and can provide clients with regulatory support services covering the entire life cycle of product research and development, application for market approval, and post-market management. These services include professional consultation on regulatory strategies, formulation of registration strategies or application plans, risk assessment for project applications, drafting of pharmaceutical-related application materials and non-clinical data, as well as support for domestic and international registration applications, ensuring clients receive comprehensive and efficient support.

In order to provide customers with more satisfactory services, we maintain good communication with domestic and foreign regulatory agencies to understand and pay attention to the latest policy and regulatory requirements, regulatory trends, and other information in a timely manner. We actively participate in various industry conferences and professional training sessions, and organize team members for targeted specialized learning to continuously enhance the team's professional competence and capabilities. In 2024, we participated in multiple external communication activities, including but not limited to providing feedback on the *National Drug Standards for Bevacizumab Injection by the Pharmacopoeia Commission (Draft)*, providing feedback on the *Announcement on Strengthening the Supervision and Management of Drug Contract Manufacturing (Draft)*, participating in discussions on the *Technical Requirements for the Registration of Segmented Production of Antibody-drug Conjugates* organized by the Center for Drug Evaluation (CDE), and participating in a biopharmaceutical segmented production seminar organized by the Suzhou Industrial Park. Additionally, we organized multiple internal participations in CDE's "Drug Review Cloud Classroom" training sessions to update and accumulate knowledge of regulations and technical guidelines in a timely manner, enhancing the team's awareness and decision-making capabilities.

In 2024, we conducted post-market maintenance for TAB008 (bevacizumab injection, marketed as Pusintin®), TOZ309 (temozolomide capsules, marketed as Tazian®), and TOM218. Simultaneously, we initiated overseas registration efforts for TAB008 and TAB014. By the end of the reporting period, TAB008 had obtained regulatory approval in 20 countries overseas, with 9 countries of Bolivia, Costa Rica, Algeria, Jordan, Syria, Kenya, Ecuador, Uruguay, and Paraguay newly added in 2024. We submitted a Development Safety Update Report (DSUR) to the FDA for TAB014 as part of our routine procedures.

(2) *Pharmacovigilance*

TOT BIOPHARM understands the importance of patient drug safety and has established a comprehensive pharmacovigilance system. We have set up a dedicated pharmacovigilance department responsible for collecting, processing, and analyzing drug safety events, drug signal detection, risk management, and other pharmacovigilance-related matters. We have formulated relevant systems such as the *Pharmacovigilance Policy*, the *Standard Operating Procedures for Handling Individual Safety Reports of Post-Market Products*, the *Standard Operating Procedures for Managing Drug Safety Event Reporting Channels*, and the *Standard Operating Procedures for Managing Overseas*

Drug Safety Events. We are equipped with full-time pharmacovigilance personnel commensurate with the production scale to effectively implement the pharmacovigilance related system. In 2024, we have optimized internal management procedures, carried out professional knowledge training, carried out digital upgrades, strengthened risk management, and continuously improved the construction of the Company's pharmacovigilance system to ensure patient safety during the full life cycle of drugs.

In order to maintain a high-quality pharmacovigilance system, we have established a standard operating procedure for pharmacovigilance training. All employees of the Company receive regular training on pharmacovigilance. In 2024, we conducted company-wide training on the requirements related to safety event reporting. Additionally, during the reporting period, we provided training on relevant regulations, industry standards, and regulatory agencies for pharmacovigilance personnel. We also conducted specialized training on pharmacovigilance knowledge for departments involved in pharmacovigilance, aiming to enhance the Company's expertise and skills in pharmacovigilance.

For drug safety information and safety event management, we have implemented various measures to promptly obtain safety information and efficiently handle safety events. We have established multiple channels to collect drug safety information, including but not limited to official websites, WeChat platforms, hotlines, and emails, aiming to provide a comprehensive channel for patients, consumers, and doctors to report drug safety events. We proactively track drug safety information published in academic literature, market projects, and media platforms, paying attention to and conducting in-depth analysis of any safety events that occur during patient medication processes, and exploring potential risks of drugs. At the same time, we monitor drug adverse reaction cluster events routinely. When suspected safety events caused by drug quality issues are identified, we take immediate risk control measures. In 2024, we have optimized the digital construction of pharmacovigilance, introduced new information tools for drug safety event management and safety signal monitoring, and improved the process for handling and recording drug safety events. During the reporting period, there were zero drug adverse reaction cluster event and death caused by drug quality defects.

In terms of drug safety risk management, we have established Drug Safety Committee responsible for assessing and making decisions on significant drug risks to ensure that appropriate risk control measures can be promptly and effectively taken in the event of major drug risks, minimizing the harm caused by drugs. We have developed a comprehensive drug safety emergency response mechanism and formulated the *Standard Operating Procedures for Drug Safety Emergency Response* to ensure that in the event of a major drug safety incident, emergency plans can be quickly activated, and relevant regulatory authorities can be promptly notified to safeguard public interests. We regularly monitor drug safety signals to identify drug risks and develop corresponding risk control measures based on the risk situation, including but not limited to revising drug labels, conducting communication and education with healthcare professionals and patients, suspending drug production and sales, and recalls. In 2024, we updated the operational system of the Pharmacovigilance Risk Management Plan to support the internationalization needs of the Company's drugs and ensure the safety of public medication.

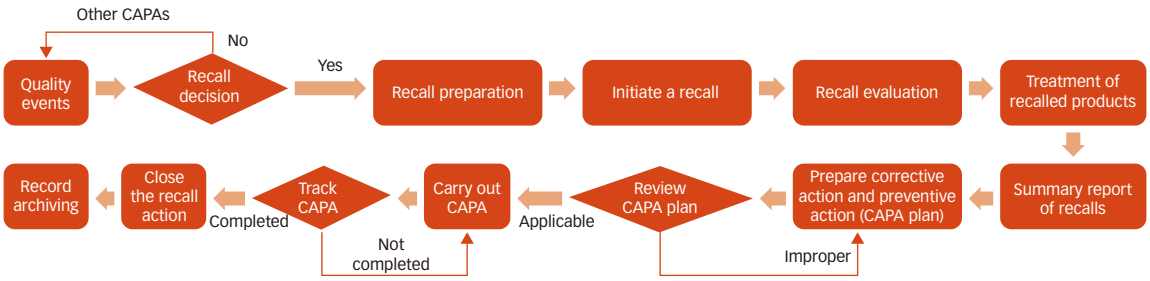
(3) Drug recall

TOT BIOPHARM has established the Standard Operating Procedure of Product Recalls to promptly recall drugs with safety hazards or defects during the clinical trial stage and those already on the market, to control and reduce the potential health risks and harms to patients, effectively ensuring public drug safety. Based on the severity of drug safety hazards and risks, drug recalls are classified into three levels. To enhance employees' emergency response capabilities, inspect and improve the recall process, the Group conducts annual simulated product recalls. In 2024, there were no product recall incidents for the Group's marketed products.

Tier 1 recall: Use of this medication may cause serious health hazards;

Tier 2 recall: The use of this medication may result in temporary or reversible health hazards;

Tier 3 recall: The use of this medication typically does not pose a health hazard, but it is being recalled for reasons unrelated to safety concerns.



SOP for Drugs Recalling

(4) Product labeling and traceability

Drug labeling and information traceability play an extremely important role in ensuring the safety of patient medication. We attach great importance to the management of drug labeling and the traceability of drug information, establishing a labeling management and product traceability management system. During the reporting period, we revised the *Standard Operating Procedure of Printed Packaging Materials Management*, managing the addition or revision of drug labels, leaflets, and paper boxes to ensure that drug labeling can help patients and healthcare providers accurately identify basic drug information.

In addition, we have revised the *Standard Operating Procedure of Safe Drug Traceability Platform and the Standard Operating Procedure of Drug Traceability Platform Management* to further strengthen drug information traceability management. We have established the "Secure Code" drug traceability code network information system, where drug traceability code downloads, relationship associations, and uploading of inbound and outbound records are conducted, maintaining enterprise and product basic information. At the same time, following the direction of "one item, one code, one code for traceability", we have established a comprehensive traceability management system for the entire chain of listed drugs from production to warehouse delivery at TOT BIOPHARM, ensuring that the information throughout the process is authentic, accurate, complete, and traceable.

c) Access to medicines

As a pharmaceutical Company with a strong sense of responsibility, TOT BIOPHARM values enhancing the accessibility of its medicines. We are continuously expanding our product coverage and venturing into overseas markets to ensure that patients in need worldwide can access the corresponding medicines in a timely manner. Currently, TOT BIOPHARM's TAB008 has obtained regulatory acceptance in 20 countries, and we have submitted a DSUR routinely to the FDA for TAB014. Additionally, we are strategically expanding our presence in county-level and grassroots hospitals and pharmacies through differentiated focus, providing treatment options for a wide range of grassroots patients to meet the needs of more patients and improve the accessibility of medicines. In 2024, we opened hundreds of new hospital and pharmacy terminals.

Our group focuses on the affordability of medicines, effectively reducing patients' medical costs. Our Bevacizumab injection covers all approved indications of the original drug domestically, spanning multiple cancer treatments. It has been included in the national medical insurance drug list, effectively reducing patients' medication expenses. Our TOZ309, priced fairly and reasonably, was successfully selected in over twenty provinces in the fourth batch of the national centralized procurement renewal project.

2. Customer service management

a) Customer service management system

TOT BIOPHARM adheres to the service concept of customer first, aiming to become the industry-leading and customer-trusted best partner in biopharmaceuticals. The Company has established a comprehensive customer service system and formulated relevant regulations such as the *Standard Operating Procedure of Products Complaint Management* and the *Standard Operating Procedure of Product Return Handling*. Within this framework, various departments including the Quality Management Center, Business Department, and Drug Vigilance Department work together to provide customers with a seamless and high-quality service experience throughout the pre-sales, sales, and after-sales processes, ensuring comprehensive protection of customer rights.

We attach great importance to customer satisfaction and continue to improve customer satisfaction by conducting customer satisfaction surveys, continuously improving services, optimizing quality management, and actively listening to customers' opinions and suggestions. In 2024, we conducted a satisfaction survey for CDMO customers, and received positive feedback on the quality of CDMO project services and the technical capabilities of project teams mentioned in the questionnaire.

Pre-sales stage:

We provide customers with detailed product information materials, and sign and exchange first-sale information, quality assurance agreements, etc.

During the sales process:

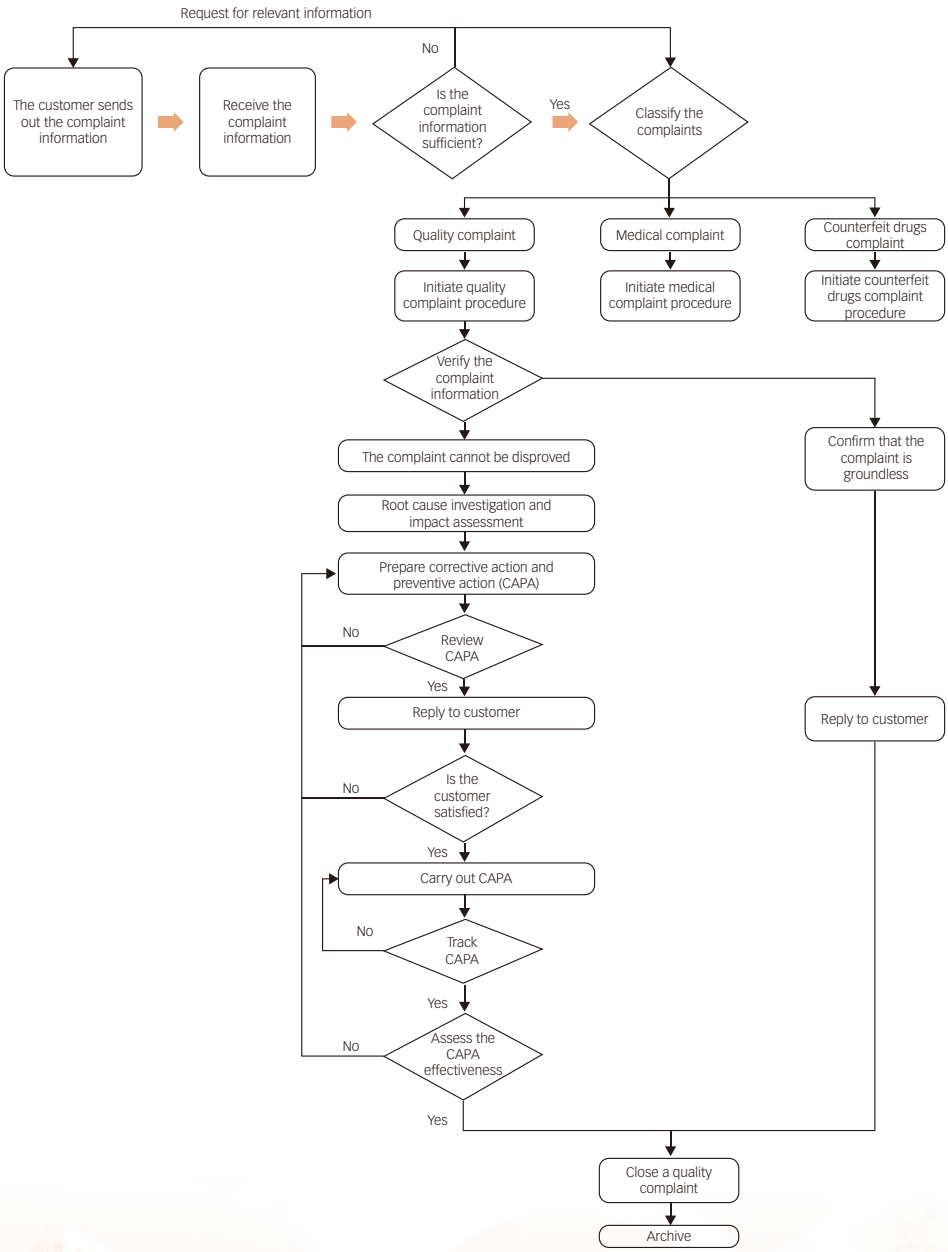
We assist clients in planning the quantity and timing of drug procurement reasonably. The products are delivered by a professional logistics company designated by the Company, accompanied by relevant documentation, and we provide a quality assurance mechanism for our clients.

After-sales stage:

If customers encounter issues with the quality of product delivery, we have established corresponding return and complaint mechanisms. We promptly retain relevant complaint evidence materials and provide feedback, responding promptly to customers' return and exchange requests.

b) Customer complaint management

We have formulated the *Standard Operating Procedure of Products Complaint Management*, which details a series of processes for registering, evaluating, investigating, and handling complaints. It also specifies the response measures to be taken in case of complaints possibly caused by product defects, ensuring that all complaints related to product quality are handled promptly and correctly. Based on the specific nature of the complaints, we categorize them into three major types: medical complaints, quality complaints, and suspected counterfeit drug complaints. We initiate the corresponding processing procedures based on the nature of the complaint to ensure that all complaints are handled promptly and properly. During the reporting period, we did not encounter any significant customer complaints.



Customer Complaint Handling Process

3. Data security and privacy protection

a) Information security management system

We strictly adhere to the laws and regulations such as the *Personal Information Protection Law of the People's Republic of China* and the *Cybersecurity Law of the People's Republic of China*, continuously optimize our information security management system to enhance our own information security management level, and protect customer privacy comprehensively through various measures, actively fulfilling the responsibility of safeguarding information security. In 2024, we successfully passed the re-evaluation of the ISO 27001 Information Security Management System. We have the Information and Digital Technology Department responsible for the construction of the information security system. Based on relevant laws and regulations and our own management status, the Group has formulated the *Information Security Code of Conduct* to enhance the information security awareness of all employees (including third-party personnel), regulate daily operational behaviors, and prevent information security incidents. Additionally, we have established the *Data Leakage Prevention Security Management Procedures*, which clarify the responsibilities of each department in data leakage prevention work, data classification and grading standards, as well as various measures for data security management.

In the daily operation of the Company, we have implemented various measures to maintain information security, including promoting and training employees on information security awareness, network security protection, network isolation, data storage encryption, data backup and recovery, vulnerability management, intrusion detection and defense system management, and data lifecycle management. During the reporting period, our main activities in information security included the following:

- ✓ **Security network integration:** The successful integration of the security network has been achieved, with a unified management platform implemented, enhancing the coordination and efficiency of security protection;
- ✓ **Mobile terminal security construction:** Ensuring data security on mobile devices by utilizing advanced encryption technology and access control policies;
- ✓ **Construction of network data leakage prevention system:** A comprehensive network data leakage prevention system has been established to monitor and protect data in real-time during network transmission. It can promptly detect and prevent data leakage incidents from occurring;
- ✓ **Data classification and grading service:** the Company's data has been comprehensively classified and graded, corresponding security strategies have been formulated, and the level of data management refinement has been improved;
- ✓ **Deployment of security operations system:** The deployment of the security operations system enables real-time monitoring and management of the Company's information systems, allowing for timely detection and handling of security incidents;
- ✓ **Vulnerability scanning service:** Conduct regular vulnerability scans on the Company's internal network services and systems to promptly identify and address security vulnerabilities, ensuring the Company's network security;
- ✓ **Virtual cloud desktop phase II construction:** Unified virtual data storage management significantly enhances data security;
- ✓ **Information security promotion:** TOT BIOPHARM organized annual corporate information security promotion activities through training, publicity, and other forms to enhance employees' awareness and skill levels in information security, creating a positive information security culture atmosphere.

Information Security Training

b) Customer privacy protection

TOT BIOPHARM understands deeply that customer trust is the cornerstone of the Company's survival and development. We respect and protect customer privacy by providing safeguards from multiple dimensions such as systems, technology, and management. During the reporting period, we did not experience any incidents of customer privacy breaches.

Our policies:

- Clearly define the scope of confidentiality, specifying that customers' personal information, transaction details, communication records, etc., are all considered confidential content; establish confidentiality levels based on the importance and sensitivity of customer information, categorizing them into different levels such as general, confidential, top secret, etc., and develop corresponding confidentiality measures and access permissions for each level;
- Standardize the processes for storing, using, transmitting, and disposing of information;
- Establish a system of accountability to clearly define the responsibilities of each department and employee in protecting customer privacy;
- Sign confidentiality agreements: the Company signs confidentiality agreements with employees and third-party partners.

Our technical measures:

- Data Encryption Technology: Encrypting customer information during storage and transmission processes to prevent information theft or tampering, ensuring the security of data;
- Access Control Technology: Role-based access control assigns different roles and access permissions to employees based on their positions and job requirements;
- Data Backup and Recovery Technology: Regularly back up information and establish a comprehensive data recovery mechanism to ensure that customer information can be quickly restored in case of data loss or damage, minimizing the impact on customers.

Our management measures:

- Risk Assessment and Management: Conduct regular risk assessments on the Company's customer privacy protection measures, identify potential security risks and vulnerabilities, and develop corresponding risk response measures;
- Establish a risk alert mechanism: promptly identify and address security incidents that may affect customer privacy, and keep the risks within an acceptable range;
- Customer Communication and Feedback: When collecting customer information, clearly inform customers of the purpose, usage, and scope of the information collection, and obtain the customer's consent;
- Regular Review and Update: Conduct regular reviews of the Company's confidentiality policies and privacy protection measures to ensure compliance with the latest laws and regulations as well as business requirements.

4. Technology management and innovation

a) Technical ethics

(1) Clinical trials

TOT BIOPHARM has always prioritized the rights and safety of subjects in clinical trials, steadfastly adhering to a series of laws and regulations related to drug clinical trials such as the *Declaration of Helsinki*, the *Good Clinical Practice of Pharmaceutical Products*, the *Guidelines for Ethics Review of Drug Clinical Trials*, and the *Key Points and Judgment Principles for Drug Registration Verification*. The Company is committed to comprehensively protecting the legitimate rights of trial participants.

We have taken a series of measures to safeguard the rights of the subjects, including conducting audits and obtaining informed consent. During the process of conducting clinical trials, we strictly audit the contract service providers periodically to ensure their compliance with relevant laws and industry standards, safeguarding the compliance of the clinical trials. We respect each subject and genuinely protect their right to informed consent. We ensure that every subject fully understands the characteristics of the test drug, the trial procedures, and potential risks before participating in the clinical research. And we ensure that each subject signs a standardized informed consent form before entering the clinical study, comprehensively protecting the subjects' freedom and right to informed consent.

(2) Animal welfare

In the field of animal experimentation, we always adhere to the principles of reverence for life and respect for science, taking laws and ethics as the fundamental guidelines for all our work. We strictly adhere to the requirements of the Regulations on the *Management of Experimental Animals* and the *Ethics Code of Experimental Animal Welfare* and other relevant laws and regulations. Throughout the process of animal experimentation, we comprehensively meet the various needs of animals in terms of physiology, environment, hygiene, behavior, and psychology, ensuring that they receive proper care and attention during the experiments.

We have formulated the *Research and Development Project Management Regulations* to strengthen internal management, further optimize and standardize every operational aspect of animal experiments, and enhance the quality of experimental animals in various aspects such as environment and hygiene. We are steadfast in integrating the 3R principles of animal experimentation, namely "Reduction, Replacement, Refinement", deeply into the management system of animal experimentation, aiming to minimize the suffering of animals during the experimental process and minimize the mortality rate of animals, striving to find the optimal balance between scientific research and animal welfare. When selecting Contract Research Organizations (CROs), we consider AAALAC accreditation, animal experiment permits, and GLP certification as essential criteria to ensure animal welfare.

b) R&D innovation

TOT BIOPHARM adheres to the grand vision of"empowering pharmaceutical innovation to improve the quality of life and safeguard human health", actively practices the core values of "innovation and progress", continuously optimizes the R&D innovation management system, enhances its own innovation capabilities, and provides strong support for CDMO services. We have formulated the *Research and Development Management Procedure* to ensure effective management of research and development projects. In 2024, with the Company's organizational restructuring, we improved the research and development organizational structure, established the Research and Development and Process Development Center, and appointed the Chief Technology Officer to manage the Research and Development and Process Development Center. The Research and Development and Process Development Center includes the Antibody Process Development Department, Conjugation Process Development Department, and Analytical Science Department, with staff in these departments having rich experience in process development. As of the end of the reporting period, the Company has 154 research and development personnel, accounting for 25.20% of the total employees. In 2024, our total research and development investment amounted to RMB79.313 million. In addition, the Group's innovation capabilities were highly recognized, receiving honors such as the National-level Specialized, Refined, Distinctive, and Innovative "Little Giant" Enterprise and New Infrastructure Pioneer Enterprise of ADC.

Research and development personnel play a crucial role in driving innovation and maintaining corporate competitiveness. We have established a clear and transparent promotion mechanism and job classification system specifically for research and development personnel to incentivize innovation. Our research and development personnel job classification system ranges from Grade 1 to Grade 12, including positions such as Assistant Researcher, Junior Researcher, Senior Researcher, Principal Researcher, and Senior Principal Researcher. The promotion mechanism for research and development personnel considers key factors such as performance evaluations, years of work experience and education, as well as cross-disciplinary capabilities.

In 2024, we launched a new cell line platform that empowers efficient development and production of biological molecules. Additionally, we actively engage in research and development collaborations with external partners to collectively drive high-quality development of the pharmaceutical industry.

Case: TOT BIOPHARM Launched a New Cell Line Platform Empowering Efficient Development and Production of Biological Molecules

In 2024, TOT BIOPHARM launched a new cell line construction technology platform called BDKcell™, empowering partners to provide efficient antibody and recombinant protein expression solutions. This platform can offer high-yield, high-quality, and stable cell lines for the process development and GMP production of biological molecules, enhancing overall process efficiency.

Case: TOT BIOPHARM Enters Strategic Partnership with PharmaLegacy

In 2024, we reached a strategic partnership with Pharmalegacy Laboratories (Shanghai) Co., Ltd. (referred to as "PharmaLegacy") to jointly advance the establishment of a biopharmaceutical research and development service platform. This collaboration will be based on complementary advantages, aiming to enhance the research and development service platform, focusing on new technologies in biopharmaceuticals and conjugated drugs, as well as preclinical drug evaluation and validation. This partnership will contribute to innovation breakthroughs and accelerate research and development in the field of biopharmaceuticals.

c) Intellectual property protection

Intellectual property protection is one of the key elements in enhancing a company's core competitiveness. TOT BIOPHARM attaches great importance to intellectual property protection and strictly complies with relevant national laws and regulations such as the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Patent Law of the People's Republic of China*. In accordance with the requirements of the Intellectual Property Management System Certification Standard (GB/T29490-2013), we have established a sound intellectual property management system. We continuously monitor intellectual property risks from various dimensions such as cooperation, research and development, and marketing to comprehensively control intellectual property risks, providing strong protection for the Company's innovative achievements. In 2024, we passed the annual supervision of the Intellectual Property Management System (GB/T29490-2013) certification.

In order to enhance employees' skills in acquiring intellectual property and their awareness of intellectual property protection, we have participated in numerous intellectual property-related conferences and provided intellectual property protection training for employees. For each new employee, the Company has arranged the "Knowledge Bird Course" training to help them understand the importance of intellectual property protection. In 2024, we conducted practical intellectual property skills training for all employees and provided intellectual property compliance management system standard (GB/T29490-2023) training for key departments.

In 2024, we participated in:

- The "Drug Patent Term Extension System Special Research Meeting" hosted by the Suzhou Market Supervision Administration;
- The "Intellectual Property Services Boosting High-Quality Development of the Biopharmaceutical Industry Salon Event and Intellectual Property Public Service Enterprise Connection Event" hosted by the Suzhou Market Supervision Administration;
- The event "Focusing on Intellectual Property to Build the Cornerstone of Core Competitiveness", organized by Suzhou Huigu Intellectual Property Services Co., Ltd.;
- The "9th IP Frontier Pharmaceutical Forum" hosted by IP Frontier.

In order to stimulate the innovation enthusiasm of our employees, we have formulated the *Intellectual Property Incentive Management Procedure* to clearly regulate the matters related to patent rewards. In 2024, we held the "Golden Idea Activity" presenting TOT BIOPHARM's 2023 patent rewards and case studies, encouraging employees to invent and create, and promoting the output of patent achievements. Additionally, we have received recognition and support from the government, obtaining three policy rewards in the field of intellectual property totaling approximately RMB221,000. These rewards include the realization of high-value patent cultivation policy, subsidies for patent information application analysis, and support for intellectual property talent. As of the end of the reporting period, the statistics of our patents/trademarks are as shown in the table below:

Type	Total number of patent/ trademark applications (2024)	Total number of patents/ trademarks granted (2024)	Total number of patents/ trademarks in force in the Company (As of 2024)
Invention Patents	11	6	38
Utility model patents	15	2	12
Appearance Patents	0	0	0
Trademarks	20	0	299

d) Digital development

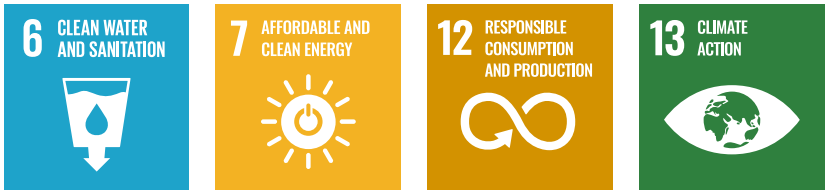
The digital transformation has become an irreversible trend for pharmaceutical companies. We actively embrace digital changes to drive the transformation and upgrade in key areas such as intelligent manufacturing and efficient management. In 2024, we focus on the digitization of production workshops and the optimization of office application systems, taking proactive measures to promote digital transformation.

During the reporting period, our digitalization initiatives included:

- ✓ **Intelligent optimization and transformation of production workshop:** During the reporting period, our group was awarded the honor of having an Intelligent Manufacturing Workshop in Jiangsu Province.
- ✓ **GMP (Good Manufacturing Practice) network optimization and transformation:** Further enhancements have been made to the performance and stability of the GMP network, ensuring efficient and reliable data transmission during the production process. By optimizing network architecture, adjusting parameters, and implementing other measures, network latency has been reduced, and network bandwidth utilization has been improved.
- ✓ **Virtual cloud desktop phase II construction:** Optimized the performance and user experience of the virtual desktop, further expanded the application scope of the virtual desktop, and improved the office efficiency and convenience of employees.
- ✓ **Application system optimization construction:** Optimizing the existing ERP (Enterprise Resource Planning) and OA (Office Automation) systems; introducing new e-HR (enterprise-Human Resource) system, performance management system, electronic signature system, and LIMS, which has enhanced the operational efficiency and management level of the Company.

III PROMOTE THE GREEN DEVELOPMENT FOR TOT BIOPHARM'S SUSTAINABILITY

Benchmarking the United Nations Sustainable Development Goals (SDGs)



Important issues

- Water resource management
- Addressing climate change
- Energy management
- Emission management
- Protecting biodiversity
- Material management

TOT BIOPHARM adheres to the concept of sustainable development, focusing on conserving resources and protecting the environment while pursuing its own growth. We strictly comply with relevant laws and regulations, improve environmental management system construction, implement lean operation management to reduce pollutant emissions, conserve resources, and actively address climate change. During the reporting period, we reviewed our environmental targets for 2024 and set quantitative environmental key performance targets for 2025 to continue to drive the Company's green development.

1. Addressing climate change

Today, climate change is a major challenge facing the world, and addressing climate change has become a common task for all humanity. TOT BIOPHARM regards dealing with climate change as its own major responsibility and actively responds to climate change. In 2024, TOT BIOPHARM conducted scenario analysis, identified and evaluated climate-related risks and opportunities, and strengthened information disclosure on climate change matters within the Group, following the new regulations on "climate-related disclosures" in the HKEX's *Environmental, Social, and Governance Reporting Code*.

a) Governance

We place importance on the impact of climate change-related risks and opportunities on the Company and have established a top-down governance framework.

Board of Directors	• As the highest decision-making body, the Board is responsible for overseeing the Group's business, strategic direction, and performance.
Strategy and ESG Committee	Appointed by the Board, the committee is responsible for • Overseeing, reviewing, and managing matters related to climate change; • Examining domestic and international ESG (Environmental, Social, and Governance) situations, including climate change issues, to effectively identify climate change-related opportunities and risks, and assessing their impact on the Company; • Annually reviewing the environmental, social, and governance Report that includes the topic of "Addressing climate change".
ESG Working Team	• Responsible for implementing matters related to climate change, including executing key performance indicators such as greenhouse gas emissions, and taking measures to mitigate or adapt to climate change; • Advancing ESG-related matters, including reducing greenhouse gas emissions and minimizing environmental impact, through a multi-departmental collaborative ESG working mechanism.

In order to ensure that our board of directors can timely grasp the latest developments in climate-related risks and opportunities, regulate climate-related risks and opportunities, we conduct an annual review on addressing climate change issues at the Company's board of directors. Additionally, in 2024, we invited external experts to provide ESG-specific training covering climate change-related topics to the Company's board of directors and management team.

b) Strategy

TOT BIOPHARM is committed to building climate resilience, fully recognizing climate-related risks and opportunities, and assessing the impact of climate-related risks and opportunities on the Company's operations. In 2024, we re-evaluated climate risks and opportunities, conducted scenario analysis, covering TOT BIOPHARM and its subsidiaries. We assessed physical risks using the low-emission scenario (SSP 1-2.6) and high-emission scenario (SSP 5-8.5) from the Shared Socioeconomic Pathways (SSP) scenarios. The evaluation of transition risks and climate-related opportunities is based on the analysis of two scenarios: "Net Zero Emissions by 2050 (NZE)" and "Stated Policies Scenario (STEPS)".

Climate scenario	SSP 1-2.6	SSP 5-8.5
Physical risk scenario description	• In this scenario, the world gradually progresses towards a more sustainable path. It is dedicated to limiting the global average temperature rise to well below 2°C, in line with the ambitious greenhouse gas emission reduction goals outlined in *the Paris Agreement*, with a projected increase in global temperatures of approximately 1.8°C above pre-industrial levels by 2100.	• This represents a scenario where, in the absence of new climate policy interventions, greenhouse gas emissions continue to increase in the future, leading to high levels of radiative forcing. By the end of the 21st century, the global average temperature could rise by more than 4°C above pre-industrial revolution levels.
Source of the scenario	Intergovernmental Panel on Climate Change (IPCC) (Sixth Assessment Report, AR6) of the United Nations	

Climate scenario	NZE	STEPS
Transformation risk/ opportunity scenario description	The International Energy Agency (IEA) has proposed a Net Zero by 2050 scenario, outlining recommendations on technology and emission reduction strategies, international cooperation, and transformation of the energy sector. This scenario projects that it would limit the global average temperature rise to 1.5°C.	This scenario is an analysis based on currently implemented policies and announced but not yet fully implemented policy proposals. There is a 50% probability that temperatures will rise by 2.4°C in 2100 under this scenario.
Source of the scenario	The International Energy Agency (IEA)	

Risk type	Risk classification	Risk examples	Potential financial impact	Analysis of the degree of impact under different climate scenarios					
				SSP 1-2.6			SSP 5-8.5		
				Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Physical risk	Acute risk	Climate change can lead to increasingly severe extreme weather events (floods, earthquakes, typhoons, etc.), which may result in infrastructure damage and supply chain disruptions, thereby affecting the normal operations of companies.	Increased operational costs due to infrastructure repairs or replacements; decreased operating revenue due to supply chain disruptions.	Extremely low	Extremely low	Low	Extremely low	Low	Moderate
	Chronic risk	Chronic risks such as persistent high temperatures and sea-level rise can lead to decreased production capacity and infrastructure damage. Additionally, sustained high temperatures can increase energy demand to provide production and workplace environments with suitable temperatures.	Decreased operating revenue due to reduced output; increased operating costs due to the need for more energy supply and infrastructure repairs.	Extremely low	Extremely low	Extremely low	Extremely low	Low	Moderate

Risk type	Risk classification	Risk examples	Potential financial impact	Analysis of the degree of impact under different climate scenarios					
				NZE			STEPS		
				Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Transformation risk	Policy and law	Due to the implementation of stricter greenhouse gas emission policies and climate information disclosure regulations by governments and regulatory bodies, companies need to invest more resources in energy conservation and emission reduction as well as complying with climate information disclosure requirements.	Increased compliance costs to meet regulatory requirements.	Extremely low	Low	Moderate	Extremely low	Extremely low	Extremely low
	Technology	In the context of supporting low-carbon transformation, high-emission economic activities will face pressure, necessitating the development and application of low-carbon production technologies and low-emission equipment. The emergence of low-carbon technologies may result in the write-off and early retirement of existing assets.	Increased research and development expenditures due to the development of new technologies, and increased operating costs due to the adoption and acquisition of new equipment.	Low	Moderate	High	Low	Low	Low
	Market	As consumers' awareness of environmental protection continues to increase, the demand for green, low-carbon, and eco-friendly products or services gradually rises. Pharmaceutical companies that can provide low-carbon products or services will become more competitive.	To cater to consumer preferences, the costs of goods and services increase accordingly.	Low	Moderate	High	Low	Low	Low
	Reputation	Stakeholders closely monitor Company's sustainability performance, and if the Company's sustainability information fails to meet their demands or if its performance is poor, it will damage the Company's reputation.	If the Company's reputation is damaged, market demand may decrease, leading to a decline in the Company's operating revenue and an increase in financing costs.	Extremely low	Extremely low	Extremely low	Extremely low	Extremely low	Extremely low

Opportunity type	Opportunity examples	Potential financial impact	Analysis of the degree of impact under different climate scenarios					
			NZE			STEPS		
			Short-term	Medium-term	Long-term	Short-term	Medium-term	Long-term
Resource efficiency	Through technological and process improvements, enhance the efficiency of resource utilization (water, energy, and materials).	By improving resource use efficiency and reducing water, energy, and material consumption, operational costs can be lowered, production capacity can be increased, and revenue can be enhanced.	Moderate	High	Extremely high	Moderate	Moderate	Moderate
Energy source	Using low-carbon energy sources or participating in carbon trading markets can reduce greenhouse gas emissions.	Reducing greenhouse gas emission risks thereby decreases sensitivity to fluctuations in carbon trading prices; more investors prefer enterprises pursuing low-carbon development, which may lead to increased capital.	Moderate	High	Extremely high	Moderate	Moderate	Moderate
Market	Entering new markets and leveraging public sector incentives.	Entering new markets and leveraging public sector incentives.	Moderate	High	Extremely high	Moderate	Moderate	Moderate
Resilience	Enhancing resilience against climate change through measures such as utilizing renewable energy, strengthening infrastructure development, or optimizing supply chains.	Improving supply chain reliability and operational capacity under various conditions, offering low-carbon products and services, and enhancing the Company's competitiveness.	Moderate	High	Extremely high	Moderate	Moderate	Moderate

Note: Short-term (1-3 years), medium-term (4-9 years), and long-term (10 years and above); financial impact levels are categorized as extremely low, low, moderate, high, and extremely high.

c) Risk management

The management team of the Group is responsible for making commitments and taking actions to address climate change for all stakeholders, and has established an environmental management team to organize and implement environmental management plans across departments. The EHS department is responsible for promoting environmental protection and driving the implementation of environmental management plans. Other departments are responsible for implementing the contents of the environmental management plans, establishing feasible environmental protection actions to reduce carbon emissions, and minimize environmental impact.

Our commitment:

We are committed to reducing carbon emissions. In reducing factory carbon emissions, we promise to consider environmental protection and energy-saving measures in the design of new projects, use environmentally friendly materials in construction, and prioritize the purchase of energy-efficient equipment.

In 2024, TOT BIOPHARM conducted a comprehensive industry analysis based on its own situation, actively engaged in effective communication with internal and external stakeholders, and fully identified climate change-related risks and opportunities. For climate change-related risks, we utilized a qualitative analysis approach to assess the identified risks in different time frames (short-term, medium-term, long-term) based on the likelihood of occurrence, impact, adaptability, and resilience, in order to evaluate the potential financial impact on the Company.

We have incorporated climate change-related risks into our overall risk management system and formulated the *Response for Climate Change Management Procedure*, which clearly outline the adaptation methods and mitigation measures for addressing climate-related risks. Similarly, for climate-related opportunities, we utilize a qualitative analysis approach to assess the potential financial impact of identified climate-related opportunities in different scenarios from the perspectives of likelihood and impact at various time scales (short-term, medium-term, long-term) on the Company. To seize development opportunities, we are committed to continuously enhancing the Company's resilience to climate change.

Mitigation measures:

- Change the energy structure, control the use of fossil fuels, and increase the proportion of renewable energy sources;
- Upgrade and renovate production equipment, phase out inefficient old equipment, improve energy usage efficiency, and reduce per-unit product energy consumption at TOT BIOPHARM;
- Choose environmentally friendly refrigerants;
- In the process of designing a new project, resources and energy-efficient building structures are utilized, energy-saving and environmentally friendly building materials are used during construction, aiming to construct a green and low-carbon building;
- Advocate for green office practices;
- Implement local procurement, and when appropriate, use suppliers that are closer in proximity to reduce transportation carbon emissions;
- To increase the absorption of greenhouse gases, it is recommended to allocate a suitable green area during the factory design process.

Adaptation measures:

Institutional measures and technical measures:

- Dynamically identify domestic and international climate-related policies and regulations, incorporate them into the Company's legal compliance checklist, and ensure the Company's operations are conducted in a legal and compliant manner;
- Establish an internal climate risk identification, assessment, and control program within the Group, dynamically monitor the Company's climate risks, and promptly take appropriate response measures;
- Formulate the *Extreme Weather Emergency Plan*, establish a monitoring and early warning mechanism for extreme weather and climate events, regularly conduct emergency drills and training for natural disaster incidents, and enhance the management of climate disaster risks.

Engineering measures:

- Construct infrastructure to address climate change, such as emergency response pools; enhancing the climate resilience of new buildings through earthquake-resistant design, wind-resistant design, lightning protection design, flood-resistant design, fire-resistant design, etc.

Economic measures:

- Purchase extreme weather insurance to mitigate losses from extreme weather accidents.

Environmental advocacy and incentives:

- The EHS department leads energy conservation and emission reduction advocacy activities every year, and promotes environmental protection concepts to new employees, integrating environmental awareness into daily work and activities at TOT BIOPHARM;
- Encourage employees to actively engage in climate change issues by providing training, organizing events, and other activities to enhance their participation in energy conservation and carbon reduction. Engage employees in initiatives aimed at improving and advancing environmental goals, including reducing carbon emissions;
- Establish a reward system to recognize and reward individuals who propose and implement energy-saving and environmental protection measures;
- Implement emergency plans for extreme weather events and conduct emergency drills for potential extreme environmental events that may occur in the future.

Our Risk Management Process:

d) Metrics & targets

To monitor our greenhouse gas emissions, we have consistently regarded greenhouse gas intensity (i.e. the ratio of the total amount of greenhouse gas emissions to the annual revenue of the Group in RMB10,000) as a key indicator to assess our greenhouse gas reduction efforts, ensuring the data's comparability and effectiveness. During the reporting period, we accounted for both Scope 1 and Scope 2 greenhouse gas emissions. In 2024, our greenhouse gas intensity was 0.20 tons of carbon dioxide equivalent per RMB10,000 of revenue, representing a decrease of 90% compared to the base year of 2021. We have successfully achieved our target of reducing greenhouse gas intensity by 84%-89% from the 2021, the base year, to 2024. Setting 2021 as the base year, we have established a target to further reduce greenhouse gas intensity (per RMB10,000 of revenue) by 85%-90% by 2025. To achieve this goal, we will actively implement climate change mitigation and adaptation measures, promoting energy efficiency and emission reduction.

Category	**Unit**	**2024**	2023	2022
Scope I GHG emissions	tCO_2e	**3,389**	4,957	4,516
Scope II GHG emissions	tCO_2e	**19,093**	10,855	6,915
Total GHG emissions (Scope I + Scope II)	tCO_2e	**22,482**	15,812	11,431
Intensity of GHG emission	tCO_2e/RMB10,000	**0.20**	0.20	0.26

2. Environmental management

a) Environmental management system

TOT BIOPHARM has always regarded environmental compliance as the cornerstone of corporate development, steadfastly adhering to a series of environmental laws and regulations in China, including the *Environmental Protection Law of the People's Republic of China,* the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution,* the *Water Law of the People's Republic of China,* the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste,* the *Emission standard of air pollutants for pharmaceutical industry,* and the *Emission limits of water and air pollutants for bio-pharmaceutical Industry*. We actively fulfill our primary responsibility to protect the environment. We have obtained the ISO 14001 Environmental Management System Certification and have established a sound environmental management system based on this, making every effort to reduce the negative impact of our business activities on the environment and promote the harmonious coexistence of the Company and the environment. In 2024, we updated the *Environmental & Occupational Health and Safety Management Manual*, clearly defining the environmental management responsibilities of personnel at all levels and departments. The Company's leaders are responsible for setting environmental objectives and appointing management representatives, while the EHS department assists the management representatives in establishing the environmental management system and coordinating environmental work across various departments. During the reporting period, we further improved the environmental management system by revising various environmental management systems, such as the *Standard Operating Procedures for Emergency Response Management*, the *Waste Gas Disposal System Standard Operating Procedure* and the *Waste Gas Control and Management Procedure*.

To effectively prevent and respond to environmental risks, we have established the *Environmental Aspect Identification and Assessment Procedure*. Each year, we conduct environmental factor identification activities for all departments of the Company and update the environmental impact factors for each department. Additionally, we have developed and implemented an annual emergency drill plan, which includes exercises such as chemical spills, fire extinguisher drills, and mini fire station drills.

Fire Extinguisher Drills and Mini Fire Station Drills

Since setting the three-year environmental targets in 2021, we have actively implemented measures for energy conservation, consumption reduction, pollution and carbon emission reduction, strengthened the control of emissions and the management of resources, and the implementation of the three-year environmental targets has been going well. We adhere to the defined targets of energy conservation and consumption reduction, as well as pollution and carbon emission reduction, and strengthen internal management. In 2024, to continue regulating our behavior and reducing the Company's impact on the environment, we have set quantitative environmental goals for 2025 in line with the Company's actual situation.

Qualitative environmental key performance objectives:

Energy saving and consumption reduction
• Energy saving: Continuously improve energy efficiency and reduce energy consumption per unit of output value by technical transformation, equipment upgrade and management energy saving. • Water conservation: Continuously optimize the use of water resources and reduce water consumption per unit of output value, by expanding the scale of water recycling and upgrading traditional water-using equipment to water-saving equipment. • Material saving: Continuously improve the utilization rate of raw materials, reduce paper consumption and the amount of waste generated per unit of output value, by technical transformation, equipment upgrades, and digitalization.

Reducing pollution and Greenhouse Gas (GHG) emissions

- Reduce GHG emissions: Continuously reduce GHG emissions per unit of output value by installing distributed photovoltaic systems, purchasing renewable energy electricity, electrification, optimizing energy use in new buildings, and using green refrigerants.
- Exhaust gas treatment: Continuously promote electrification, reduce emissions due to fossil fuel combustion, 100% collection and treatment of exhaust gas, and 100% compliance with emission standards.
- Wastewater treatment: 100% of wastewater is collected and treated, and 100% meets the emission standards.
- Waste disposal: Waste will be collected separately and 100% handed over to qualified partnering service providers for disposal as required by relevant regulations.

Quantitative environmental key performance indicators:

Index	Unit	2021 (baseline year)	Reduction targets of 2024:	Achievement of the 2024 reduction targets	Reduction targets of 2025: (compared to 2021)
Energy consumption intensity	tce (tonnes of standard coal)/ RMB10,000	0.47	82%-88%	87%	83%-90%
Greenhouse gas emission intensity	tCO_2e/RMB10,000	1.97	84%-89%	90%	85%-90%
Water consumption intensity	tonnes/RMB10,000	32.16	84%-89%	88%	85%-90%
Wastewater discharge intensity	tonnes/RMB10,000	6.43	88%-92%	89%	86%-94%
Hazardous waste discharge intensity	tonnes/RMB10,000	2.52×10^{-3}	82%-88%	80%	80%-90%
Non-hazardous waste discharge intensity	tonnes/RMB10,000	1.682×10^{-2}	91%-94%	95%	93%-96%

b) Environmental education and training

We attach importance to environmental education and training, actively organize regular training activities in accordance with the annual environmental health and safety training plan, improving employees to pay attention to environmental factor identification, environmental goal achievement, and environmental protection in daily work. In 2024, we organized a total of 4,370 hours of EHS-related training, with an average of 9.03 hours of EHS training per employee, and a total of 4,161 employees received EHS-related training.

Case: Environmental Management Training

In order to enhance employees' environmental awareness and sense of environmental responsibility, and to make them realize the impact of the Company's production and operation activities on the environment, in December 2024, we organized environmental management training sessions for various departments. During the training, representatives from each department were introduced to relevant systems such as the *Waste Management Procedure,* the *Environmental Aspect Identification and Assessment Procedure,* and the *Risk and Opportunity Identification and Management Procedure.* Through this training, each department re-evaluated environmental factors and developed appropriate control measures.

c) Pollutant emission management

TOT BIOPHARM strictly adheres to relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution,* the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste,* the *Emission standard of air pollutants for pharmaceutical industry,* and the *Emission limits of water and air pollutants for bio-pharmaceutical Industry* to manage the waste, wastewater, and emissions generated from operation, as well as reduce pollutant emissions through relevant measures. During the reporting period, the Company reviewed its emission management targets for 2024 and based on its operational circumstances, set forth emission reduction targets and implementation pathways for 2025.

(1) Waste management

TOT BIOPHARM strictly complies with relevant laws and regulations and has established a *Waste Management Procedures* to properly handle and reduce waste generation. During the reporting period, the hazardous waste emission intensity of TOT BIOPHARM was 0.51×10^{-3} tonnes per RMB10,000 of revenue, a decrease of 80% compared to 2021. Due to business growth, the generation of hazardous waste in 2024 was relatively high, resulting in a relatively small change in the waste intensity per RMB10,000 of revenue compared to 2023. In the future, we will further strengthen management to reduce the emission of hazardous waste. The emission intensity of non-hazardous waste is 0.86×10^{-3} tonnes per RMB10,000 of revenue. We have achieved the target of reducing non-hazardous waste emissions by 91%-94% in 2024, taking 2021 as the base year.

Based on TOT BIOPHARM's specific situation, we have set emission reduction targets for hazardous waste intensity (per RMB10,000 of revenue) to decrease by 80% to 90% and for non-hazardous waste intensity (per RMB10,000 of revenue) to decrease by 93% to 96% by 2025, using 2021 as the base year. For domestic waste, we are implementing waste classification and recycling management while reducing per capita domestic waste generation. We are also adopting a paperless office system (DMS) to significantly reduce the amount of paper documents and managing packaging materials for hazardous waste products to reduce the use of paper boxes, among other methods, to further achieve our waste management goals.

Category	**Unit**	**2024**	2023	2022
Hazardous waste generated	Tonnes	**56.177**	44.127	34.000
Intensity of hazardous waste	Tonnes/RMB10,000	**0.51×10^{-3}**	0.57×10^{-3}	0.77×10^{-3}
Non-hazardous waste generated	Tonnes	**94.204**	1,773.919	96.123
Intensity of non-hazardous waste	Tonnes/RMB10,000	**0.86×10^{-3}**	2.272×10^{-2}	2.170×10^{-3}
Total amount of non-hazardous solid waste recovered	Tonnes	**13.205**	1,676.161	32.235

(2) *Wastewater management*

The wastewater generated by TOT BIOPHARM includes production wastewater and domestic sewage. We have strengthened wastewater management by implementing the *Waste Water Control Procedure* to ensure that all wastewater meets discharge standards. For domestic sewage, we promote water conservation among employees and implement measures such as regulating the cleaning of vehicles and office supplies to reduce the generation of domestic sewage at the source. As for production wastewater, it is uniformly discharged into the wastewater treatment plant for pre-treatment to prevent exceeding discharge limits. In 2024, we completed the expansion project of the wastewater treatment plant, increasing its water treatment capacity to 35 tons per day, which can effectively handle the current production wastewater. The treated wastewater from the plant is reused in the cooling tower, and the excess water from the cooling tower is recycled back to the wastewater treatment plant to achieve the goal of zero discharge of nitrogen and phosphorus-containing wastewater.

During the reporting period, our wastewater discharge intensity was 0.68 tons per RMB10,000 of revenue, a decrease of 89% compared to 2021, achieving the wastewater reduction target for 2024. We have set a target to reduce wastewater discharge intensity (per RMB10,000 of revenue) by 86% to 94% by 2025, based on 2021 as the baseline year. We will continue to conserve water resources, improve water resource utilization efficiency, and achieve our wastewater reduction goals.

Category	**Unit**	**2024**	2023	2022
Wastewater emissions	Tonnes	**74,293**	19,610	52,585
Intensity of wastewater	Tonnes/RMB10,000	**0.68**	0.25	1.19
COD in wastewater	Tonnes	**1.97**	1.52	0.88
Ammonia nitrogen in wastewater	Tonnes	**0.44**	0.24	0.12

(3) Exhaust gas management

The emissions from TOT BIOPHARM mainly come from the wastewater station, laboratories, and other equipment facilities. The exhaust gases generated in the laboratories are collected by the exhaust system and treated centrally by the organic gas treatment device. The exhaust gases from the wastewater station are drawn through pipes to the exhaust treatment facilities on the roof of the wastewater station for treatment, while the exhaust gases from other equipment facilities are treated by the high-efficiency filters built into the equipment. In 2024, we have strengthened our management of exhaust gases by revising the *Waste Gas Disposal System Standard Operating Procedure* and the *Exhaust Gas Control Management Procedures*. These documents outline the responsibilities of departments such as the Engineering Department and EHS Department in managing exhaust gases. To ensure compliance with emission standards, the EHS Department regularly supervises the emission of exhaust gases to ensure they meet the standards after treatment by the exhaust facilities.

During the reporting period, 100% of the exhaust gas we generated met the emission standards. In 2024, the intensity of our exhaust gas emissions significantly decreased compared to 2023, reaching 184.95 cubic meters per RMB10,000 of revenue.

We mainly control exhaust emissions through the following management methods:

- Take air pollution prevention measures of construction projects;
- Manage the centralized exhaust gas discharge outlet;
- Manage the operation of exhaust gas facilities;
- Handle abnormal situations in the process of exhaust gas discharge.

Category	Unit	2024	2023	2022
Exhaust emission	m^3	**20,313,583**	32,648,000	39,310,200
Intensity of exhaust emission	m^3/RMB10,000	**184.95**	418.23	889.01
NO_x	Tonnes	**0.093**	0.659	0.76
SO_x	Tonnes	**0.022**	0.085	0
PM	Tonnes	**0.007**	0.030	0.032
Volatile organic compound (VOC)	Tonnes	**0.026**	0.036	0.016

3. Resource management

a) Energy consumption and management

TOT BIOPHARM follows the ISO 50001 Energy Management System and implements various energy management documents such as the *Energy Management System Manual, the Internal and external factors of recognition and related party needs evaluation control procedures,* the *Energy target indicators and management plan control procedure,* and the *Energy training management control procedures*. In 2024, we passed the ISO 50001 Energy Management System review.

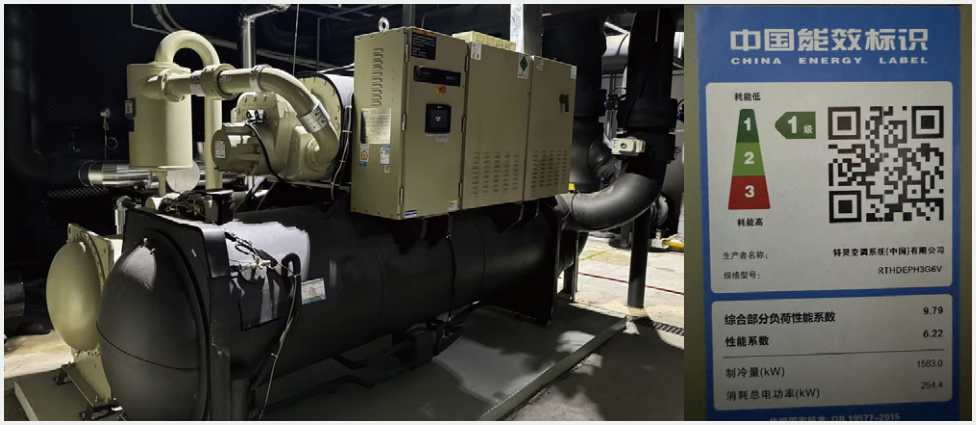
Our energy policy:

Energy conservation and emission reduction, cost reduction and efficiency improvement, continuous improvement, and green development

During the reporting period, our energy consumption mainly consisted of electricity, steam, and natural gas, with an energy intensity of 0.06 tons of standard coal per RMB10,000 of revenue, a decrease of 87% compared to 2021, achieving the energy intensity reduction target set for 2024. Using 2021 as the baseline year, we have set a target to reduce energy intensity (per RMB10,000 of revenue) by 83%-90% by 2025. In 2024, we reduced energy consumption by replacing inefficient equipment, improving the performance of mechanical equipment, implementing energy-saving process upgrades, and promoting green office practices. We will continue to strengthen energy management to achieve emission reduction goals.

Case: Introduction of High-efficiency Equipment – Variable Frequency Screw Compressor Unit

In 2024, we installed and successfully commissioned one 450RT variable frequency screw unit with first-level energy efficiency, which has improved operational efficiency and resulted in significant electricity savings.



Case: Process Renovation

In 2024, our wastewater treatment plant underwent a process upgrade and has been put into operation, transitioning from a two-effect distillation system to a three-effect distillation system. This improvement has increased operational efficiency, resulting in a saving of approximately 900 tons of steam in six months.

Category	Unit	2024	2023	2022
Consumption of purchased electricity	KWh	**22,488,359**	18,317,530	12,125,104
Natural Gas	m^3	**1,550,094**	2,267,673	1,833,506
Diesel fuel	Liters	**0**	0	200
Steam	Kilograms	**20,157,700**	1,314,100	–
Direct energy consumption	Tce	**1,883**	2,755	2,439
Indirect energy consumption	Tce	**4,708**	2,378	1,490
Total energy consumption	Tce	**6,591**	5,133	3,929
Intensity of energy consumption	Tce/RMB10,000	**0.06**	0.07	0.09

b) Water resources management

TOT BIOPHARM takes water from municipal water supply, mainly used for production and office. In daily operations, we place great importance on water resource management by implementing measures such as daily water consumption monitoring and water resource recycling to save water resources comprehensively and from multiple angles. In 2024, using a reclaimed water reuse system, we saved a total of 23,904 tons of tap water throughout the year.

Our water resource management measures:

- Regular monitoring of water resource consumption is essential for accurately controlling water usage;
- Promptly report any leaking issues for repair to prevent unnecessary water loss;
- Reduce unnecessary water waste by minimizing cleaning and process water waste at the source;
- Improving the efficiency of water resource utilization through reclaimed water recycling and reuse, as well as treating and reusing wastewater.

During the reporting period, TOT BIOPHARM's water consumption intensity was 3.78 tons per RMB10,000 of revenue, a decrease of 88% compared to 2021, achieving the water consumption intensity target for 2024. Using 2021 as the baseline year, we have set a target to reduce water consumption intensity (per RMB10,000 of revenue) by 85%-90% for 2025. We are continuously enhancing water management to achieve our water consumption goals.

Category	**Unit**	**2024**	2023	2022
Water consumption during the production and in the office	Tonnes	**414,674**	346,079	270,002
Consumption of reused reclaimed water	Tonnes	**23,904**	42,560	42,560
Intensity of water consumption during the production and in the office	Tonnes/RMB10,000	**3.78**	4.43	6.11

c) Material management

TOT BIOPHARM's main material consumption is packaging materials. To consider environmental factors during the packaging use and disposal processes, we have established the *Environmental Protection Package Management Procedure* to ensure proper packaging practices. We have implemented a sound management framework that clearly defines the responsibilities of packaging designers and various relevant departments. We are effectively enforcing packaging use management regulations to save on packaging material usage.

At TOT BIOPHARM, we incorporate the concept of environmental protection in packaging design, procurement, communication, and management stages to minimize negative impacts on the environment. Starting from the source of packaging design, we fully consider environmental factors and reduce unnecessary material usage. During the procurement process, we engage in deep communication with suppliers and appropriately select environmentally friendly packaging materials. In the packaging management stage, we recycle all recyclable packaging materials.

Environmental protection packaging design:	Environmental protection packaging procurement and communication:	Packaging management:
• The packaging designers should consider the principles of environmentally friendly packaging, such as reducing or eliminating the packaging materials used for unit products, and using recyclable and easily recyclable materials for product packaging. • The packaging designers should carefully choose packaging materials, avoid using toxic and harmful materials, and comply with current applicable laws and regulations. • The production department employees should classify and process various types of packaging, and try to recycle and reuse the packaging as much as possible.	• When purchasing items or materials, consideration should be given to their packaging, and large packaging items should be selected in a timely manner. The environmentally protection packaging materials should be used to reduce plastic products. • The major environmental packaging achievements should be communicated to external customers. • The environmental protection requirements for product packaging should be promoted through product labels, advertisements, websites, etc.	Recycling all recyclable packaging materials to reduce environmental pollution and waste.

In 2024, we conducted a statistical analysis of the usage of vials and paper at TOT BIOPHARM, as shown below:

Category	Unit	2024	2023	2022
Vial consumption	Tonnes	**21.160**	13.900	3.648
Intensity of vial consumption	Tonnes/RMB10,000	**0.19×10^{-3}**	0.18×10^{-3}	0.8×10^{-4}
Paper	Tonnes	**9.419**	8.901	10.166
Intensity of paper consumption	Tonnes/RMB10,000	**0.9×10^{-4}**	0.11×10^{-3}	0.23×10^{-3}
Plastic	Tonnes	**–**	–	1.743
Intensity of plastic consumption	Tonnes/RMB10,000	**–**	-	0.4×10^{-4}

4. Green operation

a) Lean production

In 2024, we established the Lean Operations Management Department to promote continuous improvement through the cultivation of a lean culture, constantly enhancing operational management indicators such as quality, delivery, and cost, to help the Company achieve sustainable and high-value performance growth. During the reporting period, we piloted the introduction of visual daily management tools to assist four business teams in promptly identifying and resolving issues. We completed improvements for two standardized work projects, increasing efficiency while saving 400 tons of injection water, 55 tons of alkali, and 40,000 KWh of electricity annually. Additionally, we completed one energy-saving improvement project, resulting in a 15% reduction in electricity consumption. In 2024, we were acclaimed as a Suzhou Industrial Park 2A Green Factory.

Training on the Fundamentals of Lean Operations

b) Green office

TOT BIOPHARM has always adhered to the green office concept, actively exploring and implementing various green office initiatives, striving to reduce resource consumption and minimize negative environmental impacts in all aspects of daily operations, creating a sustainable office environment for employees. During the reporting period, we have comprehensively promoted electronic office operations, advocated for employees to save water, electricity, and paper, and enhanced their awareness of resource conservation. Additionally, with the establishment of the Global Research and Development Service Center, we have implemented shared workstations to increase resource utilization efficiency and make appropriate use of office space.

Energy-saving measures

- The central control system for the office building's air conditioning has been enabled with a scheduled shutdown function. In heating mode, the temperature setting range is 20~26°C, while in cooling mode, the temperature setting range is 24~28°C;
- Implementing management measures combined with an automatic control mode effectively avoids wasting air conditioning during the night;
- Optimizing control of basement lighting by installing sound-controlled lighting in the basement;
- Allocating electricity consumption for air conditioning in the office area;
- Posting promotional signs on switches for lighting, air conditioning, etc., specifying the conditions for activation (daily use, low-light activation, visitor activation);
- Posting the air conditioning temperature setting requirements and the reminder card for turning off the power.

Water conservation measures

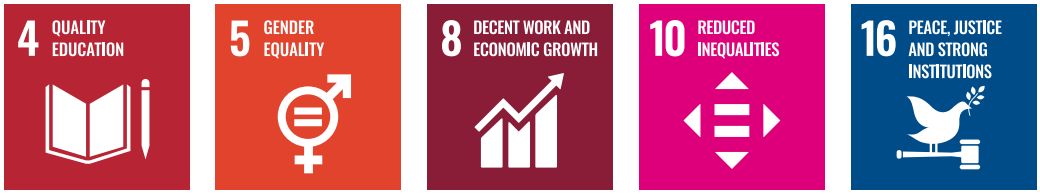
- Switching to using sensor faucets.

Paper-saving measures

- affixing a reminder to save paper on the printer;
- Implementing an electronic office system.

IV ABSORB TALENT FOR TOT BIOPHARM AND CO-CREATION FOR FUTURE

Benchmarking the United Nations Sustainable Development Goals (SDGs)



Important issues

- Occupational health and safety
- Protection of employees' rights and interests
- Employee retention and development
- Employee satisfaction
- Diversity and equality

Employees are the valuable assets of a company. TOT BIOPHARM strictly adheres to the laws and regulations of the countries and regions where it operates, fully safeguarding the legitimate rights and interests of every employee. We uphold the core values of "people-caring", focusing on the health and safety of employees, providing a diverse and comprehensive development platform for them. We are committed to creating a harmonious, equal, and inclusive working environment for all employees, helping each individual grow together with the Company and achieve a better future.

1. Employee employment

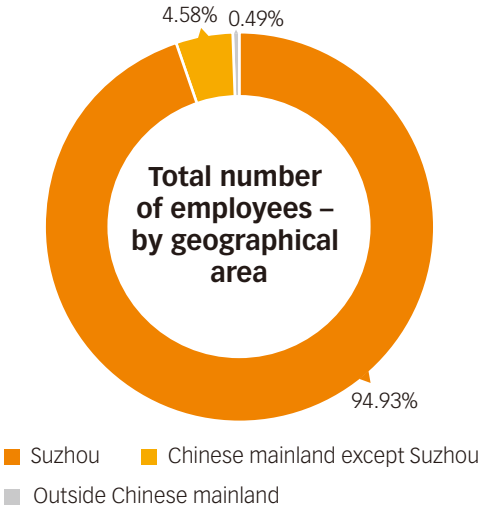
a) Compliant employment

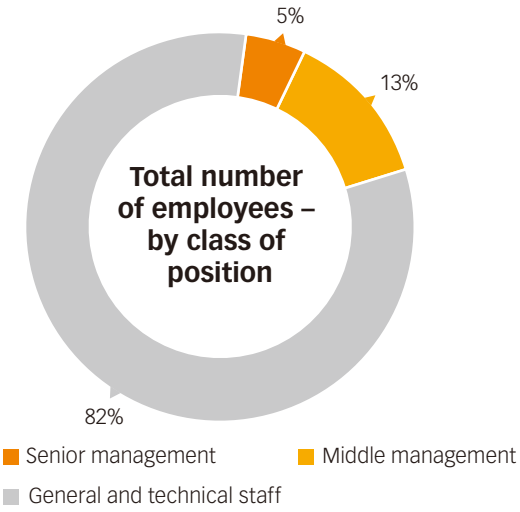
TOT BIOPHARM strictly adheres to relevant laws and regulations such as the *Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Social Insurance Law of the People's Republic of China,* and *the Law of the People's Republic of China on the Protection of Minors*. We implement compliant employment practices and ensure equal recruitment. We continuously update and improve employee management systems to ensure that the Company policies comply with legal requirements and comprehensively safeguard the legitimate rights and interests of employees.

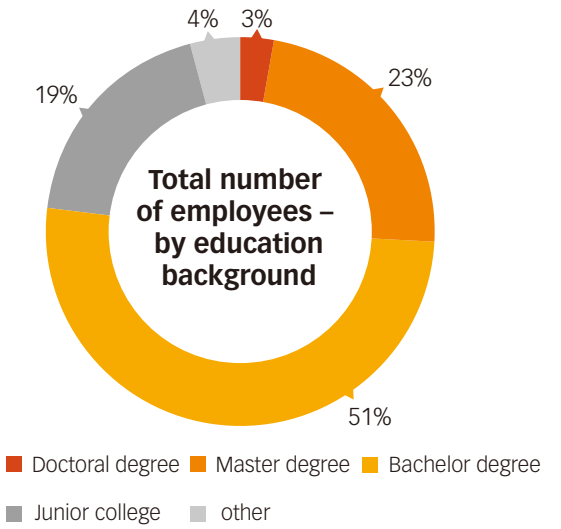
The Company practices human rights protection and has formulated the *Employee Handbook* and *the Recruitment Management*, explicitly prohibits the employment of child labor and forced labor. We adhere to the employment philosophy of fairness, equality, and non-discrimination, implementing a fair employment policy. Our *Employee Handbook* includes anti-discrimination provisions, explicitly eliminating all forms of employment discrimination, ensuring that all employees, regardless of race, ethnicity, nationality, gender, religious beliefs, age, etc., are treated equally. In the event of any unlawful discriminatory behavior, the Company will take remedial measures and prohibit discrimination or retaliation against employees who report such incidents. During the reporting period, the Company did not experience any significant labor disputes, and there were no instances of child labor, forced labor, harassment, or discrimination. In 2024, we received awards such as the "Outstanding Employer Award" from 51Job.

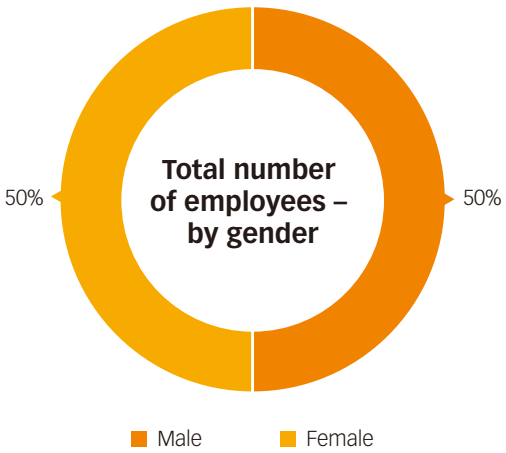
b) Diversity and equality

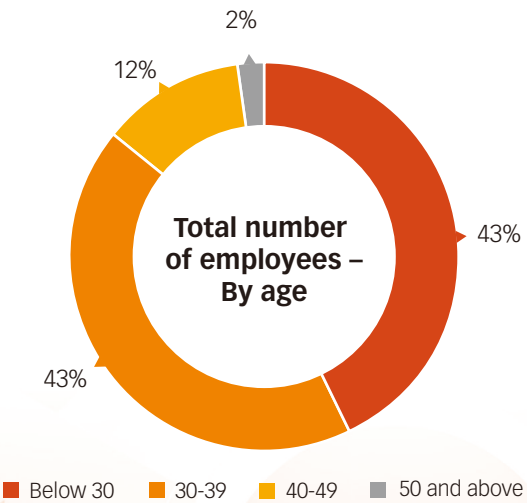
TOT BIOPHARM adheres to the principle of employee diversity and upholds fair and transparent recruitment practices. The Company has established a diverse talent recruitment system and formulated the *Employee Handbook*, dedicated to building a diverse workforce free of any discrimination at all levels. In 2024, we recruited various professional talents by posting job openings on the Company's official website and professional websites, implementing the *TOT BIOPHARM Elite Referral Bonus Management Measures* to incentivize employee referrals, organizing offline recruitment fairs, and engaging in university-industry cooperation. These efforts ensure diversity in our workforce from the source. Currently, our employees span different age groups, educational backgrounds, and geographical locations. As of the end of the reporting period, the Company's total number of employees has reached 611. We have classified the number of employees based on factors such as region, job level, education, gender, and age.


Total number of employees – by geographical area
4.58%
0.49%
94.93%
Suzhou
Chinese mainland except Suzhou
Outside Chinese mainland


Total number of employees – by class of position
5%
13%
82%
Senior management
Middle management
General and technical staff


Total number of employees – by education background
4%
3%
19%
23%
51%
Doctoral degree
Master degree
Bachelor degree
Junior college
other


Total number of employees – by gender
50%
50%
Male
Female


Total number of employees – By age
2%
12%
43%
43%
Below 30
30-39
40-49
50 and above

c) Employee retention

Talent retention is crucial for the stability and continuous development of a company. We have implemented a series of measures to enhance employees' sense of belonging, ensuring high satisfaction levels and ultimately retaining talent within TOT BIOPHARM.

Employee incentives:

- Introducing non-compete clauses in the employment contracts, and signing medium to long-term bonus incentives and equity incentive mechanisms with key core employees at TOT BIOPHARM;
- Establishing a special bonus system to optimize benefits such as overtime and on-call duties, in order to encourage and reward employees who make outstanding contributions to performance indicators at TOT BIOPHARM;
- Maintaining a Work-Life Balance;

  Optimizing salary package;
- Improving the work environment;
- Applying scientific selection and talent development.

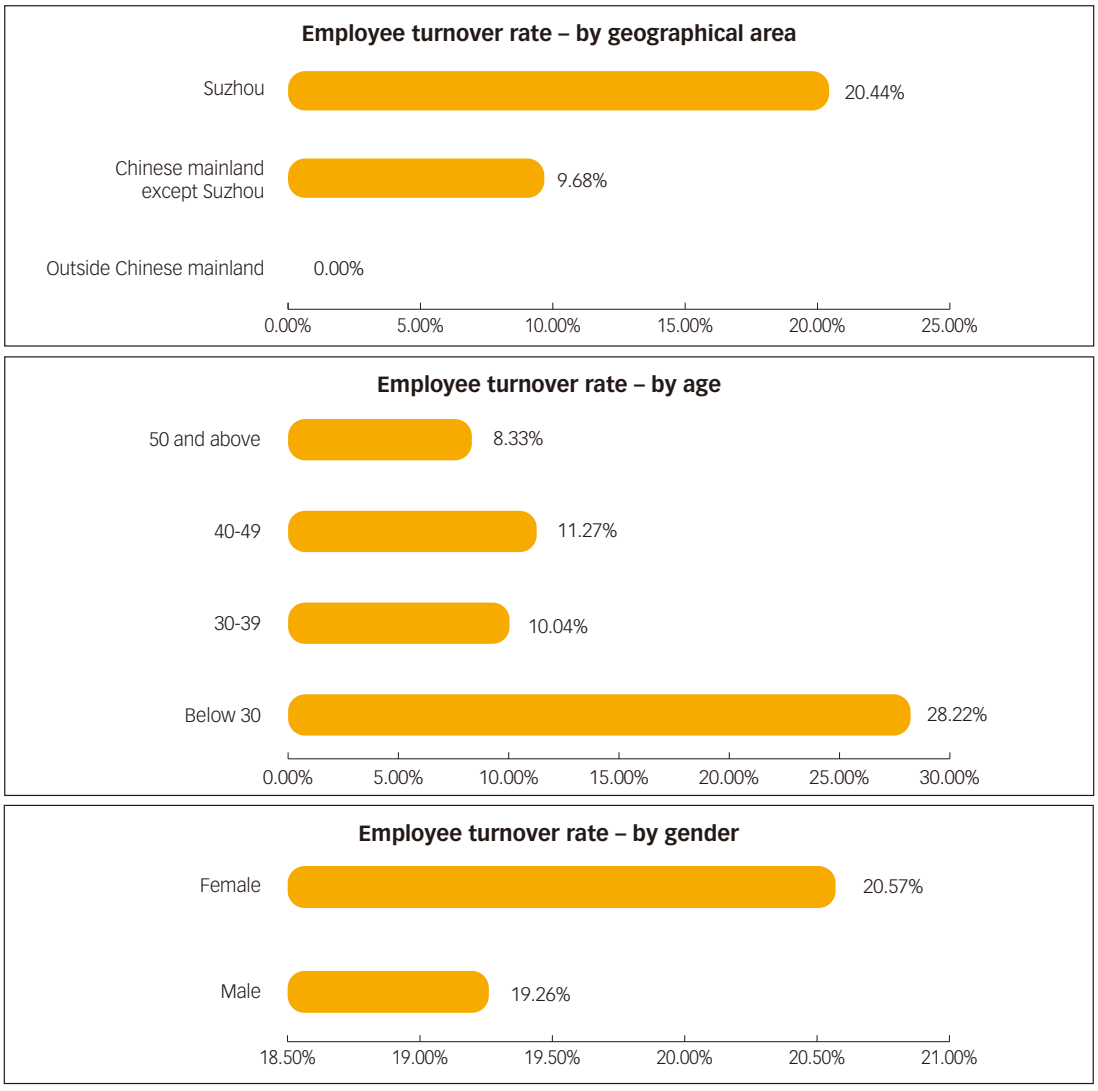
Employee communication and coaching:

- Regularly organizing round-table discussions and departmental communication meetings to understand employees' concerns, ideas, and suggestions, and proposing and implementing or improving solutions in a targeted manner;
- Establishing a Human-Resource-Business-Partner-position to address employees' needs and concerns through regular communication and coaching;
- Establishing *Shift and Leave Management* with HR representatives participating in regular meetings of various departments to enhance internal communication efficiency, lead exit interviews, and identify and address underlying issues.

Boosting team cohesion:

- Encouraging employees to participate in internal Company projects to enhance their sense of self-worth and provide opportunities for growth and learning within the Company;
- Organizing team building activities.

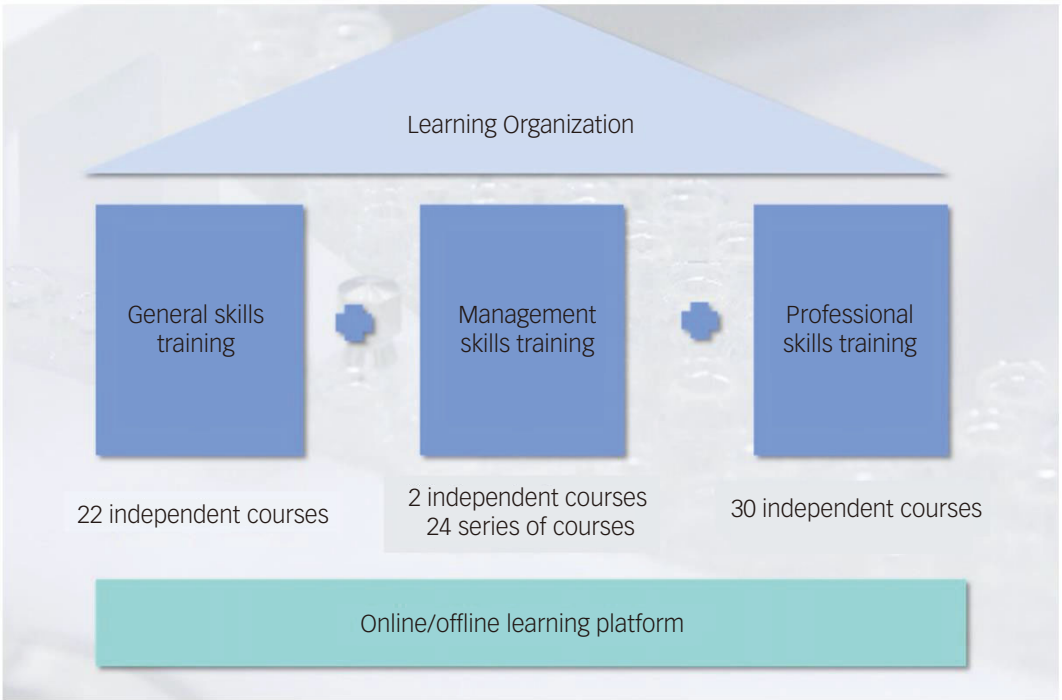
During the reporting period, the voluntary turnover rate of employees was 19.92%. The data of employee departures divided by geographical area, age, and gender is shown in the following chart:



2. Employee development

a) Employee training

TOT BIOPHARM focuses on the growth and development of its employees, building a comprehensive training system around the concept of a "learning organization" to enhance employees' skills in all aspects. Our training system covers three main categories: general skills, management skills, and professional skills. In the general skills training, there are 22 independent courses aimed at improving employees' basic work abilities and professional ethics. The management skills training includes 2 independent courses and 24 series courses, with a focus on leadership development. The professional skills training offers 30 independent courses to enhance employees' depth and breadth in their professional fields. Additionally, we have established a blended learning platform combining online and offline resources to provide employees with flexible learning opportunities.

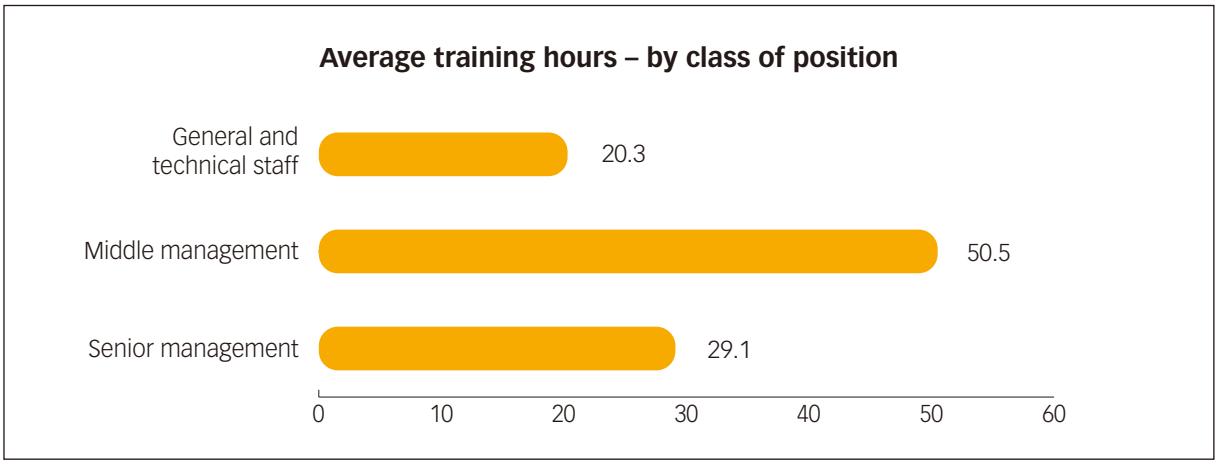


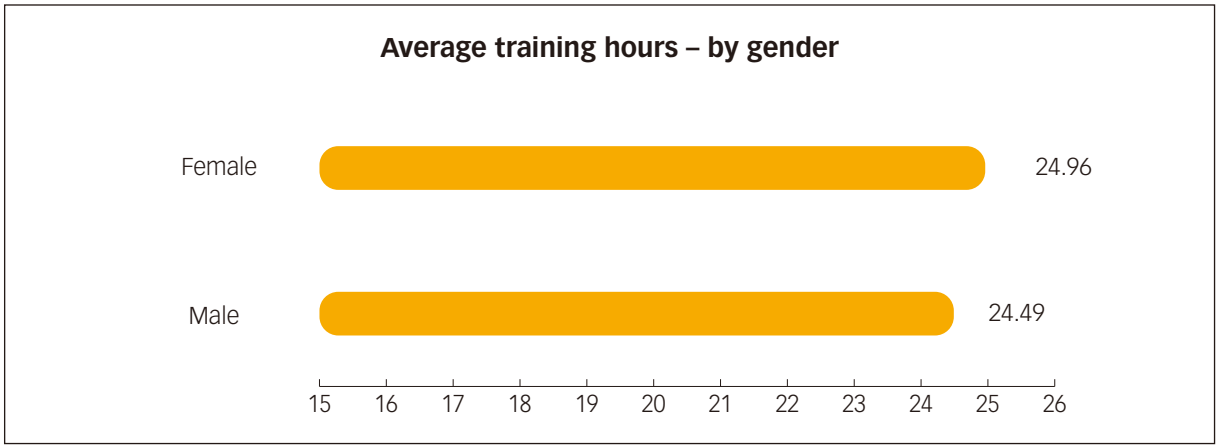
Training System

During the reporting period, we implemented a series of training programs according to the training plan to ensure that employees can enhance their professional skills, management abilities, leadership qualities, general knowledge, safe production, and occupational health in various areas. For newly hired employees, we completed a comprehensive upgrade of the new employee onboarding training system, providing "New Employee Training" for socially recruited new employees and implementing the "Dawn Program" for campus-recruited new employees to ensure that new members quickly integrate into the Company culture. Additionally, we offer management capacity enhancement training such as project management and basic management skills training, as well as general skills and professional skills training including general knowledge, English proficiency improvement, and Cobetter technology training.

- **New employee training program:**
  - Providing new employees recruited externally with *new employee training* to help them quickly adapt to the Company environment;
  - For new employees recruited on campus, the Company will implement the *Dawn Program*, which offers a customized training program lasting for three months.
- **Management capability enhancement training:**
  - Providing entry-level management skills training for promising employees to cultivate future management talents;
  - Implementing the *New Manager Growth Camp* to provide comprehensive management skills training for junior managers;
  - Introducing the *Performance Management and Improvement Training* to continuously enhance the leadership and performance orientation of the management team;
  - Implementing a series of project management courses to support the development of the Company's CDMO business, enhance team collaboration, and improve project execution efficiency.
- **General skills and professional skills training:**
  - Customized training will be conducted for the front-line team leaders in production to enhance their on-site management and problem-solving abilities;
  - Introducing the Cobetter Technology Training to enhance employees' professional skills in specific technical areas;
  - Initiating an English proficiency enhancement program to strengthen employees' international communication skills and support the Company's globalization strategy;
  - Supporting various departments to carry out specialized training to ensure that employees' professional knowledge and skills in their respective fields are continuously enhanced;
  - Organizing various general skills enhancement activities to improve the overall quality of all employees, including safety in production and occupational health.

During the reporting period, the total training hours for TOT BIOPHARM employees were 15,106.42 hours, with an average of 24.72 hours of training per person. Our training program covers all employees, and the average training hours for employees divided by gender and class of position are shown in the following charts:





b) Employee promotion

We continue to implement the "three-track advancement" promotion mechanism, providing employees with fair, just, and transparent promotion channels in the three major directions of management, professional, and project categories to enhance employee motivation. We value the cultivation of talent pools and require senior management to be responsible for nurturing and managing these pools to ensure organizational stability and sustainable development.

We have established a job grading system ranging from job grade 0 to 17, covering various sequences such as technical, research and development, management, functional, and marketing. For each job grade, we have provided detailed role descriptions and basic job sequence descriptions to ensure that employees have a clear career development path. To ensure that all employees have equal opportunities for promotion, we have defined promotion criteria. Any employee meeting the promotion requirements can choose the corresponding promotion channel based on their development aspirations. For promotions to managerial positions and above, we have implemented a promotion defense mechanism. We are committed to maintaining fairness and transparency in our promotion policies and practices, and regularly review and update employee promotion-related policies to ensure their relevance and effectiveness.

Promotion criteria:

We have established clear promotion criteria based on educational background and work experience, including a minimum of 2 or 3 complete performance evaluations with a requirement of achieving a performance grade of at least B, ensuring the objectivity of the promotion process.

3. Employee communication

TOT BIOPHARM attaches great importance to communication and employee engagement, establishing a comprehensive communication and democratic management mechanism to ensure that employees' rights and demands are fully expressed and addressed. We deeply study and implement the *Trade Union Law of the People's Republic of China* and related meeting spirits, establishing a trade union committee to effectively safeguard employees' legitimate rights and interests. We encourage employees to participate in Company management and actively organize various activities such as Mid-Autumn Festival, Dragon Boat Festival, Labor Day, etc., enriching employees' lives. This solidifies the foundation for the Company's vigorous development and adds to the well-being of employees' happy lives.

The Group has established employee feedback channels such as employee communication mailbox and staff meal feedback form, actively encouraging all employees to contribute their ideas and suggestions. The Administration Department and relevant departments rigorously review and professionally evaluate every suggestion from employees, never overlooking any valuable ideas, ensuring that every employee's voice is heard and taken seriously. The Company consistently holds regular employee meetings to promote two-way communication between the Company and its employees. Through these meetings, employees can learn about the Company's operations and major decisions, as well as raise questions and suggestions.

During the reporting period, we conducted the annual employee satisfaction survey and promptly summarized the results. In 2024, our employee satisfaction survey yielded an average score of 9.59 out of 10, maintaining a high level of satisfaction.

4. Employee care and wellness

a) Employee care

TOT BIOPHARM values the happiness and sense of belonging of its employees, providing a competitive salary and benefits package. Additionally, we organize various extracurricular activities for employees to enrich their leisure time, helping them achieve a perfect balance between work and life.

(1) Employee salary and benefit

TOT BIOPHARM firmly adheres to the Labor *Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China*, and the *Social Insurance Law of the People's Republic of China*, closely aligns with local policies and regulations, and advocates a salary management philosophy centered around valuing talent, performance culture, and cost efficiency. We have established a series of regulations such as the *Performance Management* and the *Remuneration and Benefits Management*. We are committed to providing employees with a comprehensive and competitive salary and benefits system, including fixed salary, variable salary, as well as a diverse range of employee protection and care benefits.

To ensure fair and just compensation, our *Performance Management* is designed based on the principles of objectivity, fairness, differentiation, goal orientation, and the PDCA (Plan, Do, Check, Act) cycle. We have clearly defined performance evaluation and performance appeal processes. In 2024, we have introduced an "invited evaluation" mode in the performance evaluation stage, aiming to enhance the objectivity and comprehensiveness of the evaluation.

The Company has established a comprehensive performance appraisal objection handling mechanism to ensure the fairness and transparency of performance management, and fully protect the legitimate rights and interests of employees. We explicitly stipulate that employees have the right to appeal to their superior department head within 5 working days during the appraisal period or after being informed of the appraisal results. If the superior department head does not accept the appeal, or if the employee is still dissatisfied with the handling of the appeal, they can appeal to the Human Resources Management Department within 5 working days. The Human Resources Management Department must investigate and provide handling suggestions within 5 working days of receiving the appeal. During this process, the Company's management team will provide full support and cooperation to ensure that the appeal channel is unimpeded. In 2024, we introduced a new performance management system that includes a specific performance appeal module, allowing employees to submit objections through the performance management system, providing a convenient channel for employee performance appeals.

In addition to employee salaries, we provide a diverse range of benefits to our employees, offering care and warmth from various aspects to enhance their sense of happiness and belonging, and striving to create a happy home for them. In addition to fully implementing statutory benefits, the Company specifically provides the following series of benefits for each regular employee:

- Vacation arrangements superior to legal requirements
- Supplementary commercial insurance and children's medical insurance
- Annual health examination
- Holiday and birthday bonuses
- Marriage and bereavement allowances
- Home visit and hospitalization consolation fund
- Flexible work arrangements during sick leave
- Convenient commuter shuttle
- Free work meals
- Overtime ride-hailing service
- Lactation rooms for pregnant and nursing female employees
- Free dormitories for new graduates and employees from other areas with accommodation needs
- "Energy stations" to ensure employees maintain efficiency and vitality at work

(2) *Enriching employee life*

TOT BIOPHARM pays attention to the work experience and life of each employee. By organizing various interest clubs, holding holiday celebrations, team-building activities, and other events, we enrich the lives of our employees. We strive to create a warm and comfortable work environment, provide a variety of employee activities, and help employees balance work and life.

We have built "Mommy Cabins" to provide convenience for breastfeeding women. In addition, we have set up football, basketball, badminton, and yoga clubs to help employees relax and unwind after work. During the reporting period, we organized activities for International Women's Day, leading female employees to experience a spiritual baptism and healing; regularly organized various group activities, actively participated in international corporate sports events, allowing employees to relax and unwind after work; provided psychological training activities with the theme of "Identification and Prevention of Psychological Crises" to help employees grow mentally healthy.

Case: Mommy Cabins

The Suzhou headquarters of the Company currently has a total of 4 "Mommy Cabins" for nursing mothers to use. These rooms are equipped with sofas, refrigerators, sterilizers, storage cabinets, and other facilities, providing more convenient and caring services for female employees in this special period.

Case: International Women's Day Event – "Soul Healing, Experience Serenity"

To celebrate International Women's Day, the Company has introduced a week-long psychological healing experience, offering a variety of mindfulness meditation, sound bowl therapy, aromatherapy sessions, emotional recovery, and other forms of enriching mental journeys to help employees relax, unwind, and experience tranquility.

Basketball and Badminton Matches

b) Employee health and safety

TOT BIOPHARM always strictly complies with relevant laws and regulations related to safe production and occupational health and safety, prioritizing the well-being of employees. We continuously optimize internal management systems, strengthen safe production responsibility management, enhance employee safety awareness, effectively prevent safety risks, and comprehensively ensure the health and safety of every employee.

(1) Safe production

TOT BIOPHARM strictly complies with laws and regulations such as the *Production Safety Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Special Equipment Law of the People's Republic of China, and the Regulations on the Safety Management of Hazardous Chemicals*, continuously improving its safe production management system to ensure that all safe production processes meet national standards. We have established a safe production responsibility system and formulated the *Regulations on the Establishment of Safety Management Institutions and the Management of Safety Management Personnel* to clarify safe production management responsibilities. In 2024, we revised the *Manual of Bio-safety Management in Laboratory*, the *Labor Protection Supplies Management Procedures*, and the *Emergency Rescue Management Procedure*, among other related systems, to comprehensively enhance the Company's overall safety management efficiency and emergency response capabilities.

In order to establish a solid defense line for the Company's safe production, we have developed a top-down safety responsibility culture. We have formulated a safety accountability plan for the Company's management personnel. Additionally, every year we conduct promotional and signing activities for the safe production responsibility system of the Company's management team, clearly defining the "dual responsibility of one position" for department heads, with full participation and strong support from all Company executives for safe production work.

Implementation Activities for the Safe Production Responsibility System

In terms of emergency management, we formulate and implement an annual emergency drill plan based on the evaluation of environmental and safety emergency plans. In 2024, we conducted emergency drills including chemical spills, full plant evacuation exercises, and daily practices at the mini fire station. Additionally, to ensure the effective implementation of the emergency management system, we updated the organizational structure of the emergency response team and emergency rescue equipment.

Chemical Spill Drills

In order to enhance employees' safety awareness, we held the 7th Company-wide "Safety Month" event during the reporting period and regularly organized safety training sessions in accordance with the annual Environmental Health and Safety training plan. During the "Safety Month" event, activities such as safety knowledge quizzes and pedestrian safety volunteer activities were conducted to promote safety awareness. We awarded the Excellent Safety Star Award to individuals who made significant contributions to safety work in 2024. In 2024, we conducted 135 safety-related training sessions for a total of 493 participants, including contractors.

Case: Chemical Safety Training

In 2024, we conducted quarterly training on the safe handling of chemicals that can be easily used for drug manufacturing and explosives for departments that utilize such chemicals. Additionally, in December 2024, we organized a one-hour chemical safety training session for all departments using chemicals, reaching a total of 433 chemical users. Our chemical training program covered the latest safety regulations, emergency handling procedures for chemicals, and self-rescue and mutual rescue measures.

Through safety training on chemicals, users can understand the risks of fire and explosion, health hazards, and environmental hazards associated with chemicals. They can also learn the correct usage methods to ensure compliance with safety regulations during operations, reduce operational errors, and respond appropriately in emergency situations to minimize the risks of accidents.

Awarding the Excellent Safety Star Award

In 2024, to implement safe production measures, we have taken a series of actions including improving the safety of electric vehicle sheds, enhancing the storage safety of chemicals, encouraging all staff to report safety hazards online, improving pedestrian safety within the factory, and implementing management of technical interlayer access. During the reporting period, we have achieved zero major casualty, zero fire accident, and a 100% rectification rate for general and major safety hazards. We have also met the safe production target of 100% training rate for on-duty staff.

(2) *Occupational health*

TOT BIOPHARM firmly adheres to the laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations on Occupational Health Management in the Workplace*, and the *Regulations on Work-Related Injury Insurance*, continuously deepening the occupational health and safety management system. In 2024, we advanced the construction of the occupational health and safety management system in accordance with the requirements of the Occupational Health and Safety Management System Standard (ISO 45001:2018). We revised the *Environmental & Occupational Health and Safety Management Manual, Manual of Bio-safety Management in Laboratory*, and the *Labor Protection Supplies Management Procedures*. In December, we passed the review of the Occupational Health and Safety Management System (ISO 45001:2018).

We take a multi-pronged approach to establish a rigorous occupational health protection network, providing comprehensive protection for employees' occupational health. In the daily operation process, the Company commits to providing annual occupational health check-ups and yearly physical examinations for employees, establishing occupational health records, and insuring all employees with social insurance while also providing additional supplementary medical insurance. Furthermore, for the occupational health management of production and laboratory personnel, we have implemented the following measures:

- Established the *Laboratory Safety Management Regulation*, and posting the basic laboratory safety rules in the changing room to remind personnel of the safety requirements when entering the laboratory;
- Organizing employees to participate in occupational health management training, as well as training on the introduction and management regulations of Personal Protective Equipment (PPE);
- Including positions involving occupational hazards for outsourced personnel in occupational health surveillance;
- Laboratory personnel are equipped with complete labor protection equipment, a job-specific PPE matrix is established, and laboratory dress code regulations are formulated and posted in the changing room;
- The laboratory is equipped with fume hoods, fume cupboards, bio-safety cabinets, and other occupational disease prevention facilities to ensure the health and safety of personnel;
- Posting occupational hazard notification cards in production and laboratory sites, and conducting regular occupational hazard inspections in work areas.

Occupational Hazard Notification Cards

In order to enhance employees' awareness of occupational health protection, we organized comprehensive training on occupational health management and the introduction and management regulations of Personal Protective Equipment (PPE) for all staff. In 2024, the Company did not experience any occupational disease accidents, fully demonstrating the Company's efforts and achievements in safeguarding employees' occupational health.

V TOT BIOPHARM ASSUMES SOCIAL RESPONSIBILITY AND MAKES PROGRESS TOGETHER WITH SOCIETY

Benchmarking the United Nations Sustainable Development Goals (SDGs)

Important issues

- Sustainable supplier chain
- Promoting industrial development
- Community investment
- Community dialogue
- Local operation

TOT BIOPHARM continues to optimize its supply chain management system, deepening the concept of a "sustainable and responsible" supply chain. The Company actively communicates and exchanges with suppliers, focusing on establishing long-term and stable cooperative relationships with them. Furthermore, TOT BIOPHARM consistently takes practical actions to drive industry development, fulfill social responsibilities, contribute to the industry's progress, and play a role in societal development.

1. Supply chain management

a) Procurement management

TOT BIOPHARM values establishing long-term and stable cooperative relationships with suppliers, committed to building a responsible supply chain and promoting sustainable development. We implement the principles of transparent procurement and green procurement, and have established a comprehensive procurement management system. We have a dedicated procurement department responsible for managing procurement affairs, and have developed and implemented internal management documents such as the *Sunshine Procurement Integrity Co-construction Advocacy, Bidding Management Procedure, Procurement Management System*, and *Equipment Procurement Management System* to ensure the efficient and standardized completion of procurement tasks.

TOT BIOPHARM adheres to the principles of compliance, transparency, and integrity in conducting business cooperation, and is committed to building a clean partnership with suppliers. In 2024, we revised the *Sunshine Procurement Integrity Co-construction Advocacy* and advocated for all suppliers to participate in signing it. Additionally, we require employees in the procurement department to sign a *Procurement Department Employee Confidentiality and Integrity Commitment*, and all approved suppliers to sign an *Integrity Commitment*, to firmly prevent unfair competition and corrupt practices.

In the procurement process, we focus on the safety and stability of suppliers, strengthen supply chain risk management, internally monitor the safety stock of key materials in real-time through the Internet of Things inventory system, and formulate relevant contingency plans. Externally, we develop secondary suppliers for key supply materials, and gradually sign MSA (Multi-Source Agreement) or annual agreements with main suppliers to deepen cooperation, reduce supply risks, and ensure the stability of material supply.

In order to establish a sustainable supply chain, TOT BIOPHARM actively promotes green procurement. We extensively utilize electronic signatures and online signing platforms to reduce paper usage, prioritize collaboration with suppliers who have obtained EHS certification, encourage suppliers to use new energy vehicles in the transportation process, and provide recyclable and environmentally friendly packaging materials in the production process.

As of the end of the reporting period, TOT BIOPHARM had a total of 565 qualified suppliers, with 266 suppliers from Jiangsu Province and 299 suppliers from other provinces. Suppliers from Jiangsu Province accounted for 47%, while suppliers from other provinces accounted for 53%.

b) Supplier admission

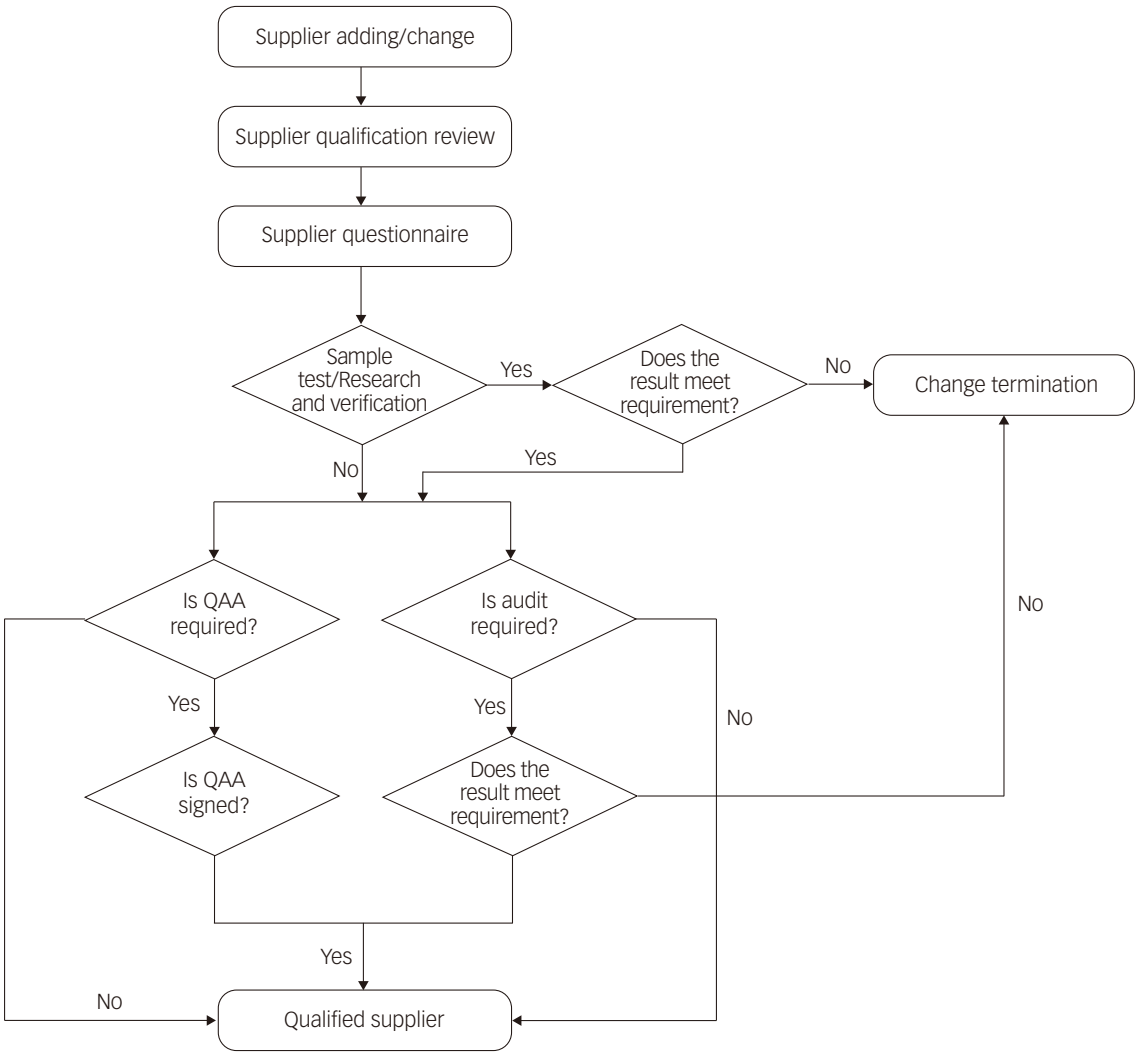
TOT BIOPHARM strictly implements internal documents such as the *Material Supplier Management* and the *SMP of Suppliers Management*, systematically regulating the admission management of suppliers. Standard requirements are set for suppliers in terms of product quality, qualifications, EHS, and other aspects. In 2024, we have updated and optimized documents such as the *Material Supplier Management* and the *Equipment Supplier Management* to further strengthen supplier admission management.

We have established detailed regulations for the refined management of suppliers of production materials and non-production materials. In 2024, we conducted a comprehensive revision and improvement of the current *Material Supplier Management*, clarifying the management process for suppliers of production materials. The aim is to strictly control the product quality provided by suppliers of active pharmaceutical ingredients, raw materials, excipients and other production materials.

We have established a clear process for the admission of suppliers of materials for production, based on the classification of materials and the requirements for different stages of product use. We conduct a risk assessment of materials based on their properties and usage stages, categorizing them into five levels A-E according to their risk levels. When developing a new supplier, the demand department shall conduct a preliminary review of the supply ability and credibility of the candidate supplier in conjunction with the supplier and Material Category Management Department. The quality Assurance Department (QA) shall conduct a final review of the supplier data and evaluate the supplier through questionnaire survey. In addition, we assess whether to conduct sample testing or study validation for different stages of material needs. We sign material supplier quality agreements with Classes A, B, C and other material suppliers whose needs have been assessed. And we assess whether the supplier of materials for self-developed products needs to be audited. Ultimately, after a comprehensive assessment, suppliers that meet the standards are included in the list of qualified suppliers.

Production material supplier qualification requirements:

- Possess quality, safety, environmental protection reviews, and other production, supply business permits or qualifications required by national regulations, relevant departments, corresponding industries, or operation centers;
- Possess a quality assurance system that meets industry requirements;
- Other conditions required by laws and regulations.



Production Material Supplier Admission Process

For non-production material suppliers, we strictly implement the internally established *Supplier Management System*, with the procurement department taking the leading role, while involving relevant departments and the EHS department in the evaluation process based on the principles of fairness and impartiality. The procurement department will primarily assess and determine qualified suppliers for production and manufacturing based on the *Supplier Qualification Review Form* and inspection reports. For distributors and service providers, qualified suppliers will be determined based on the *Supplier Qualification Review Form*. For other non-production materials, once the procurement department confirms that the supplier information is complete, they will be included in the *Qualified Supplier List*.

In 2024, we onboarded 11 new suppliers.

c) Supplier audit

TOT BIOPHARM has established a strict supplier audit mechanism to ensure the stability and reliability of the supply chain, promote continuous improvement and optimization of suppliers. For suppliers of materials used in production, we have developed and optimized the *Supplier Audit Standard Operating Procedures* and regularly conduct audits of suppliers in accordance with this procedure. The Quality Assurance Department is responsible for organizing regular audit activities, with participation from departments such as Production, Quality Control, Production Technology, Engineering, and EHS. Audit contents include but are not limited to material production processes, quality standards, and other aspects. In addition, we conduct regular quality reviews of the supply quality of some suppliers and adjust the supplier audit frequency based on the review scores. Especially for suppliers of key materials, the Quality Assurance Department organizes quality reviews annually. In 2024, we conducted 32 supplier audits, with 31 of them being on-site audits.

For non-production material suppliers, the procurement department conducts periodic performance evaluations based on the actual supply situation and credit records of the suppliers, considering aspects such as quality, delivery time, price, and service. We use *Supplier Performance Evaluation Form* to score suppliers and categorize the evaluation results into ABCD. The procurement department implements a performance evaluation reward and penalty mechanism for suppliers based on the evaluation results.

Evaluation scores	Results application	Supplier category
Above 85	May increase procurement quantity	A
70-84	May maintain procurement quantity	B
60-69	May provide tutoring and reduce procurement quantity	C
Below 60	Suggest rectification and suspend procurement	D

Supplier Evaluation Criteria and Application

TOT BIOPHARM actively promotes suppliers to establish sound environmental and quality management systems, and strongly advocates for suppliers to obtain third-party management system certifications. During the reporting period, 54 suppliers have obtained ISO 14001 certification, 119 suppliers have obtained ISO 9001 certification, and 44 suppliers have obtained ISO 45001 certification.

d) Supplier communication

TOT BIOPHARM continues to strengthen communication and exchange with suppliers to ensure the efficient operation of the supply chain and the stability of cooperation relationships. During the reporting period, we organize communication with suppliers from time to time according to the key business development or expected business needs. The communication methods include online and on-site meetings, factory visits, participation in trade shows, and professional training sessions, covering topics such as current business needs, future cooperation planning, and Environmental Health and Safety (EHS) training. In 2024, we organize an average of one exchange per week.

TOT BIOPHARM attaches great importance to the environmental health and safety management of suppliers, and has developed and implemented the *Contractor Environment Health Safety Management Procedure*. Before contractors commence operations on-site, all their staff undergo comprehensive EHS training and assessment, covering requirements for employees, security, emergency response, and more. We require contractors to sign individual environmental health and safety commitment letters, contractor environmental health and safety record forms, and take exams. Additionally, we verify whether the contractors have signed environmental health and safety agreements with the Company. In 2024, we trained approximately 230 contractor workers.

2. Industry communication and collaboration

TOT BIOPHARM actively participates in industry exchanges and collaborations while seeking its own development. We are committed to promoting innovation and development of the pharmaceutical industry by working together and integrating various forces, while providing customers with efficient and professional research and development services.

Case: Exploring a New Chapter in Conjugate Drug Development – ADC & XDC Conjugate Drug Development and Innovative Technology Exchange Conference

In November 2024, the "ADC & XDC Conjugate Drug Development and Innovative Technology Exchange Conference", co-organized by TOT BIOPHARM, was successfully held at the Pudong International Talent Port in Shanghai. The conference brought together 76 industry experts and investors from various well-known companies, aiming to promote technological advancements in the field of ADC and extended-conjugated drugs (XDCS).

During the conference, experts and scholars engaged in in-depth discussions on the research and development challenges and future opportunities of ADC/XDC technology, sharing the latest technological breakthroughs and practical achievements. TOT BIOPHARM also showcased its technical advantages in ADC drug research and development, process development, and commercial production at the conference, further driving the advancement of the conjugate drug field.

Case: TOT BIOPHARM Partners with Beijing ChemPion Biotech to Introduce New Technology for Advancing ADC Drug Development and CDMO Services

In 2024, TOT BIOPHARM announced a partnership with Beijing ChemPion Biotechnology Co., Ltd. (referred to as "Beijing ChemPion Biotech"). According to the agreement, TOT BIOPHARM will utilize the HydroTrio technology to provide third-party conjugated drug development services. Additionally, Beijing ChemPion Biotech has authorized TOT BIOPHARM to conduct research on site-specific conjugation technology using the HydroTrio technology to develop high DAR value and high uniformity conjugated drug technology, thereby enhancing the clinical efficacy and market competitiveness of drugs. We look forward to empowering more clients to provide quality services through this collaboration and contribute to the success of new drug research and development.

Case: A Decade, One Medicine, Radiant Dawn – 2024 Visit to TOT BIOPHARM Bispecific Antibody/ ADC Closed-door Executive Roundtable

In June 2024, TOT Biopharm and the Biomedical Innovation Group (BiG) successfully co-hosted a closed-door executive roundtable focused on bispecific Antibodies (BsAbs) and ADCs at TOT Biopharm's Global Research and Development Service Center. The event gathered over 50 industry leaders, including ADC/BsAb developers, ADC/XDC Biotech/Biopharm founder/senior executive, investment firm partners, clinical physicians, and biopharmaceutical experts, who engaged in in-depth discussions on critical topics such as global ADC development trends, notable clinical progress presented at the ASCO Annual Meeting (American Society of Clinical Oncology), clinical strategy optimization for Chinese biotech companies, cost-efficiency synergies with CDMO, next-generation technology platforms, licensing and M&A opportunities, and the evolving landscape of biopharmaceutical investment and financing.

Case: TOT BIOPHARM Partners with Beijing Sprig Biotech to Exclusively Introduce "OS One-Step Conjugation" Technology to Meet the Demand for Conjugate Drug Innovation

In October 2024, TOT BIOPHARM announced a partnership agreement with Beijing Sprig Biotechnology Co., Ltd. (referred to as "Beijing Sprig Biotech"), to introduce the "OS One-Step Conjugation" site-specific conjugation technology for use in Contract Research Organization/Contract Development and Manufacturing Organization (CRO/CDMO) services for conjugated drugs (ADC/Bioconjugates).

In this collaboration, TOT BIOPHARM will undertake multiple key functions, including concept validation and process optimization. TOT BIOPHARM plans to construct ADC model molecules modified with the "OS One-Step Conjugation" technology, comprehensively evaluating the performance of this technology in pharmaceutical/process/in vitro biological activities. Additionally, TOT BIOPHARM will also utilize the model molecules for process optimization in terms of conjugation efficiency, substrate usage, and conduct small-scale process amplification to further enhance the robustness and cost-effectiveness of this technology in industrial applications. This collaboration will provide customers with more technical solutions for conjugate drug development, improve research and development efficiency and quality of outcomes, and better address the diverse needs of conjugate drug development.

3. Public welfare practice

TOT BIOPHARM continues to fulfill corporate social responsibility, strictly adhering to relevant laws and regulations. We have formulated the internal *External Donation Management Procedure*, with a high sense of social responsibility, actively participate in public welfare practice activities, and contribute to the sustainable development of society.

a) Social donation

TOT BIOPHARM upholds a strong sense of social responsibility, continuously monitoring the situation in disaster-stricken areas, bringing warmth and hope to the affected population, and demonstrating a commitment to social responsibility through practical actions. In 2024, TOT BIOPHARM donated RMB20,000 to the Suzhou BenQ Foundation to support rescue and reconstruction efforts in the earthquake-stricken areas of Gansu, fulfilling corporate responsibility and aiding in post-disaster recovery.

b) Inclusive medical care

TOT BIOPHARM has always adhered to the concept of "focusing on patient needs and safeguarding the future of health". Through ongoing drug assistance programs, the Company demonstrates corporate care and social responsibility, contributing to public health. In 2024, the Company donated approximately 85,000 doses of medication to various regions including Hubei, Hebei, Shanxi, and Hunan, taking concrete actions to help patients alleviate their financial burdens.

APPENDIX

List of laws and regulations

This section sorts and lists out the major laws and regulations that are applicable to the Group in the order of the ESG index in accordance with the requirements as stipulated in "the relevant laws and regulations that have a significant impact on the issuer" within "General Disclosure" of the HKEX guidelines.

ESG Aspect	List of major laws and regulations
A1: Emissions	*Environmental Protection Law of the People's Republic of China* *Environmental Protection Tax Law of the People's Republic of China* *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* *Integrated Emission Standard of Air Pollutants* *Integrated Wastewater Discharge Standard* *Water Law of the People's Republic of China* *Water Pollution Prevention and Control Law of the People's Republic of China* *Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste* *Emission Standard of Air Pollutants for Pharmaceutical Industry* *Law of the People's Republic of China on Appraising of Environment Impacts* *Circular Economy Promotion Law of the People's Republic of China*
B1: Employment	*Labor Law of the People's Republic of China* *Labor Contract Law of the People's Republic of China* *Social Insurance Law of the People's Republic of China* *Law of the People's Republic of China on the Protection of Women's Rights and Interests* *Trade Union Law of the People's Republic of China* *Provision on the Prohibition of Using Child Labor*

ESG Aspect	List of major laws and regulations
B2: Health and Safety	*Production Safety Law of the People's Republic of China* *Special Equipment Safety Law of the People's Republic of China* *Labor Contract Law of the People's Republic of China* *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* *Regulation on Emergency Responses to Work Safety Accidents* *Regulation on Work-Related Injury Insurance*
B6: Product Responsibility	*Drug Administration Law of the People's Republic of China* *Regulations for the Implementation of the Law of the People's Republic of China on the Administration of Pharmaceuticals* *Good Manufacturing Practice of Medical Products* *Measures for the Administration of Drug Registration* *Measures for the Administration of Drug Recall* *Good Pharmacovigilance Practice* *Provisions for Drug Insert Sheets and Labels* *Good Clinical Practice of Pharmaceutical Products* *Key Points and Judgment Principles for Drug Registration Verification* *Trademark Law of the People's Republic of China* *Copyright Law of the People's Republic of China* *Patent Law of the People's Republic of China* *Personal Information Protection Law of the People's Republic of China* *Measures for the Supervision and Administration of Pharmaceutical Production* *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests* *Advertising Law of the People's Republic of China*
B7: Anti-corruption	*Criminal Law of the People's Republic of China* *Anti-Monopoly Law of the People's Republic of China* *Anti-Unfair Competition Law of the People's Republic of China* *Anti-Money Laundering Law of the People's Republic of China* *Interim Provisions on Prohibiting Commercial Bribery Behaviors* *Company Law of the People's Republic of China* *Basic Norms for Enterprise Internal Controls* *Companies Ordinance (Cap. 622) of the Laws of Hong Kong* *Civil Code of the People's Republic of China*

Glossary

Some of the subject names and policy names used are abbreviated in the Report, as follows:

ADC	Antibody-drug Conjugate
CAPA	Corrective Action and Preventive Action
CDMO	Contract Development and Manufacturing Organization
CEO	Chief Executive Officer
CSO	Contract Sales Organization
DMS	Document Management System
EHS	Environment Health Safety
GMP	Good Manufacturing Practice
ICH	International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use
ICH-Q8	Drug Development
ICH-Q9	Quality Risk Management
ICH-Q10	Drug Quality System
LIMS	Laboratory Information Management System
DMS	Document Management System
QMS	Quality Management System
URS	User Requirement Specification
DSUR	Development Safety Update Report
PDCA	Plan, Do, Check, Act
CFS	China Finance Summit

ESG Key Performance

Category	Unit or Category	2024	2023	2022
Environmental				
Energy Consumption				
Consumption of purchased electricity	KWh	**22,488,359**	18,317,530	12,125,104
Natural gas	m^3	**1,550,094**	2,267,673	1,833,506
Diesel fuel	Liters	**0**	0	200
Steam[1]	Kilograms	**20,157,700**	1,314,100	–
Direct energy consumption	Tce	**1,883**	2,755	2,439
Indirect energy consumption	Tce	**4,708**	2,378	1,490
Total energy consumption	Tce	**6,591**	5,133	3,929
Energy consumption intensity	Tce/RMB10,000	**0.06**	0.07	0.09
Waste				
Hazardous waste generated	Tonnes	**56.177**	44.127	34.000
Intensity of hazardous waste	Tonnes/RMB10,000	**0.51×10^{-3}**	0.57×10^{-3}	0.77×10^{-3}
Non-hazardous solid waste generated	Tonnes	**94.204**	1,773.919	96.123
Intensity of non-hazardous waste	Tonnes/RMB10,000	**0.86×10^{-3}**	2.272×10^{-2}	2.170×10^{-3}
Total amount of non-hazardous solid waste recovered	Tonnes	**13.205**	1,676.161	32.235

[1] Starting from September 2024, we ceased the use of natural gas and increased the utilization of industrial steam as a replacement for natural gas.

Category	Unit or Category	2024	2023	2022
Wastewater				
Wastewater emissions[2]	Tonnes	**74,293**	19,610	52,585
Intensity of wastewater	Tonnes/RMB10,000	**0.68**	0.25	1.19
COD in wastewater	Tonnes	**1.97**	1.52	0.88
Ammonia nitrogen in wastewater	Tonnes	**0.44**	0.24	0.12
Water consumption				
Production and office water consumption	Tonnes	**414,674**	346,079	270,002
Reused water consumption	Tonnes	**23,904**	42,560	42,560
Intensity of production and office water	Tonnes/RMB10,000	**3.78**	4.43	6.11
Packaging material				
Vial consumption	Tonnes	**21.160**	13.900	3.648
Intensity of vial consumption	Tonnes/RMB10,000	**0.19×10^{-3}**	0.18×10^{-3}	0.8×10^{-4}
Paper	Tonnes	**9.419**	8.901	10.166
Intensity of paper consumption[3]	Tonnes/RMB10,000	**0.9×10^{-4}**	0.11×10^{-3}	0.23×10^{-3}
Plastic	Tonnes	**–**	–	1.743
Intensity of plastic consumption	Tonnes/RMB10,000	**–**	–	0.4×10^{-4}

2 In 2024, the commissioning of new workshops and R&D buildings resulted in a relatively significant increase in wastewater emission compared to 2023.

3 In 2024, we recalculated the intensity of paper consumption for the year 2023 and restated the relevant data from that year.

Category	Unit or Category	2024	2023	2022
Greenhouse gas[4]				
Scope 1 GHG emissions	tCO_2e	**3,389**	4,957	4,516
Scope 2 GHG emissions	tCO_2e	**19,093**	10,855	6,915
Total GHG emissions				
(Scope I + Scope II)	tCO_2e	**22,482**	15,812	11,431
GHG intensity	tCO_2e/RMB10,000	**0.20**	0.20	0.26
Exhaust				
Exhaust emission	m^3	**20,313,583**	32,648,000	39,310,200
Intensity of exhaust emission	m^3/RMB10,000	**184.95**	418.23	889.01
NO_x	Tonnes	**0.093**	0.659	0.76
SO_x	Tonnes	**0.022**	0.085	0
PM	Tonnes	**0.007**	0.030	0.032
Volatile organic compound (VOC)	Tonnes	**0.026**	0.036	0.016

[4] The emission factors for natural gas in Scope 1 of 2024 of the Group are sourced from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision) issued by the Intergovernmental Panel on Climate Change (IPCC). The electricity emission factor in Scope 2 is selected from the 2022 National Grid Average Emission Factors published by the Ministry of Ecology and Environment of the PRC, and the emission factor for purchased steam is selected from the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Enterprises in Other Industrial Industries.

Category	Unit or Category	2024	2023	2022
Social				
Employment and diversity				
Number of employees	Total number	**611**	552	431
Employee by gender	Female	**305**	277	229
	Male	**306**	275	202
Employee by age	Under 30 years old	**261**	264	196
	30-39 years old	**265**	217	171
	40-49 years old	**72**	61	54
	Over 50 years old	**13**	10	10
Employee by education background	Doctor's degree	**16**	11	12
	Master's degree	**143**	112	94
	Bachelor's degree	**312**	293	230
	College's degree	**117**	111	77
	Under college's degree	**1**	25	18
Employee by category	Full-time	**611**	552	431
	Part-time	**0**	0	0
Employee by class of position	Executive management	**28**	22	17
	Middle management	**80**	66	58
	General and technical employee	**503**	464	356
Employee by geographical region	From Suzhou	**580**	524	397
	Chinese mainland except Suzhou	**28**	26	32
	Outside Chinese mainland (including Hong Kong, Macau and Taiwan)	**3**	2	2
Employee responsible for the society	Disability	**0**	0	0
	Veteran	**1**	2	3

Category	Unit or Category	2024	2023	2022
Employee turnover rate[5]				
Employee turnover number	Total number	**152**	87	108
Employee turnover rate	Ratio	**19.92%**	13.62%	20.07%
Employee turnover rate by gender	Female	**20.57%**	13.17%	20.83%
	Male	**19.26%**	14.06%	19.20%
Employee turnover rate by age	Under 30 years old	**28.22%**	14.29%	18.42%
	30-39 years old	**10.04%**	12.24%	20.10%
	40-49 years old	**11.27%**	13.64%	26.32%
	Over 50 years old	**8.33%**	23.08%	27.27%
Employee turnover rate by geographical region	From Suzhou	**20.44%**	12.35%	19.68%
	Chinese mainland except Suzhou	**9.68%**	31.58%	21.43%
	Outside Chinese mainland (including Hong Kong, Macau and Taiwan)	**0.00%**	50.00%	66.67%
Occupational Health and Safety				
Total working hour	Hours	**1,042,597**	997,768	695,685
Number of work-related injury[6]	Number of people	**0**	0	0
Number of fatalities due to work-related reasons	People	**0**	0	0
Number of lost day due to work-related injury	Number of days	**0**	0	0
Number of occupational diseases	Number of people	**0**	0	0
Occupational disease rate	%	**0**	0	0
Total hours of EHS training	Hours	**4,370**	4,182	2,110
Average hours of EHS training	Hours	**9.03**	8.64	6
Total number of employees trained by EHS	Number of people	**4,161**	4,462	1,214

5 The staff turnover rate calculation formula used by the Group is as follow: number of turnover (people) of a specific group in the reporting year / (total number of employees (people) of the group at the beginning of the reporting period + number of new recruits (people) of the group throughout the year)×100%.

6 The number of work-related injuries refers to the number of people without any major injury or death.

Category	Unit or Category	2024	2023	2022
Training and development				
Total input of training	RMB	**662,279**	720,427	643,819
Total training hour	Hours	**15,106.42**	11,003.06	18,002.55
Percentage of trained employees	Total	**100%**	100%	100%
	Female	**100%**	100%	100%
	Male	**100%**	100%	100%
	Executive management	**100%**	100%	100%
	Middle management	**100%**	100%	100%
	General and technical employee	**100%**	100%	100%
Average training hours per capita	Total	**24.72**	19.93	41.77
	Female	**24.96**	19.55	44.63
	Male	**24.49**	20.32	38.53
	Executive management	**29.10**	34.67	47.46
	Middle management	**50.50**	34.54	49.68
	General and technical employee	**20.30**	17.16	40.21
Supplier management				
Total number of suppliers	Numbers	**565**	599	1,233
Suppliers by geographical region	Jiangsu province	**266**	281	618
	Except Jiangsu province	**299**	318	615
Percentage of suppliers signing the *Integrity Commitment*	Ratio	**99.5%**	96%	100%
Suppliers certified by ISO 14001	Numbers	**54**	54	10
Suppliers certified by ISO 9001	Numbers	**119**	119	19

Category	Unit or Category	2024	2023	2022
Product Responsibility				
Number of complaints about products and services[7]	Numbers	**0**	0	0
Safety and health related recall	Numbers	**0**	0	0
Anti-corruption				
Number of cases involved corruption	Numbers	**0**	0	0
Intellectual property rights[8]				
The total number of valid patents/ trademarks obtained by the Company	Invention patents	**38**	32	27
	Utility model patents	**12**	10	7
	Design patents	**0**	0	0
	Trademarks	**299**	297	297

7 The product and service complaints refer to complaints arising from "material defects in products".

8 In 2024, we conducted a comprehensive review of the number of invention patents from previous years and restated the data for invention patents from 2022 and 2023.

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Reader's feedback

We anticipate your opinions and suggestions to continuously improve our ESG efforts, as well as our competence in ESG management.

We hope you could complete the questions in the feedback form below and sent it back to us via the following contacts.

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Your Information	
Name	
Company name	
Tel	
Email	
Opinions & Suggestions	

1. What do you think of our ESG Report?
   O Excellent O Good O Average

2. Do you think this Report has presented the significant impact of our ESG issues?
   O Yes O More or less O Don't know

3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed in this Report?
   O Very high O High O Average O Low O Very low

4. Which aspect of this Report are you most satisfied with?

   _____

5. What kind of information do you want to learn more about?

   _____

6. Do you have any suggestions for the ESG Reports to be released in the future?

   _____