2024
ANNUAL REPORT

CLOVER BIOPHARMACEUTICALS

Clover Biopharmaceuticals, Ltd.

三葉草生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 2197

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COMPANY PROFILE

We are a global commercial-stage biotechnology company committed to unleashing the power of innovative vaccines to save lives and improve health around the world. Our mission is to harness transformative science and global partnerships to bring innovative vaccines to populations worldwide.

With integrated research and development capabilities leveraging the Trimer-Tag technology platform, and our in-house manufacturing and commercial capabilities to develop innovative vaccines, together with strong partnerships domestically and globally, Clover has built a diverse pipeline of candidates that have the potential to meaningfully reduce the burden of vaccine-preventable diseases and to make more diseases preventable.

Today, with integrated R&D, manufacturing, and commercial capabilities as well as strong partnerships with organizations globally, we have two authorized vaccines, a COVID-19 booster vaccine and a quadrivalent seasonal influenza vaccine, while simultaneously advancing in-house developed Prefusion F Antibody Respiratory Syncytial Virus (RSV) vaccine candidate at clinical trial stage which is based on our validated Trimer-Tag technology platform and proprietary stabilizing mutations. Our RSV vaccine candidate has a de-risked and potential Best-in-Class combined efficacy and safety profile, with potential differentiation to address unmet needs in the current global RSV vaccine market (combo and re-vaccination).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. LIANG Peng *(Chairman)*
Mr. LIANG Joshua G

Non-executive Directors

Dr. WANG Xiaodong
Dr. Donna Marie AMBROSINO
Dr. Ralf Leo CLEMENS

Independent Non-executive Directors

Dr. WU Xiaobin
Mr. LIAO Xiang
Mr. Jeffrey FARROW
Mr. Thomas LEGGETT

AUDIT COMMITTEE

Mr. Thomas LEGGETT *(Chairman)*
Mr. LIAO Xiang
Mr. Jeffrey FARROW

REMUNERATION COMMITTEE

Dr. WU Xiaobin *(Chairman)*
Dr. WANG Xiaodong
Mr. LIAO Xiang

NOMINATION COMMITTEE

Dr. LIANG Peng *(Chairman)*
Dr. WU Xiaobin
Mr. Thomas LEGGETT

AUTHORISED REPRESENTATIVES

Mr. LIANG Joshua G
Ms. CHAU Hing Ling (周慶齡)

JOINT COMPANY SECRETARIES

Ms. WANG Xiaoyan (王曉艷)
Ms. CHAU Hing Ling (周慶齡)
(Fellow member of The Hong Kong Chartered Governance Institute)

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Cayman Islands

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Grand Cayman
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CORPORATE INFORMATION

HONG KONG SHARE REGISTRAR

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AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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STOCK CODE

2197

COMPANY WEBSITE

www.cloverbiopharma.com

LISTING DATE

November 5, 2021

FINANCIAL HIGHLIGHTS

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	556,515	1,095,470

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	38,419	39,255
Other income and gains	97,215	2,571,354
Selling and distribution expenses	(19,705)	(54,766)
Administrative expenses	(75,172)	(198,816)
Research and development expenses	(183,387)	(649,885)
Other expenses	(738,201)	(1,811,944)
Loss for the year	(903,428)	(138,539)
Adjusted loss for the year*	(887,150)	(85,024)

* Adjusted loss for the year is not defined under the IFRSs. It represents the loss for the year excluding the effect brought by share-based compensation expenses.

IFRS MEASURES:

Cash and bank balances, including cash and cash equivalents, time deposits, restricted cash and pledged deposits, decreased by RMB539.0 million from RMB1,095.5 million as of December 31, 2023 to RMB556.5 million as of December 31, 2024, primarily due to the net cash outflow resulted from bank loan repayment, continued investment in R&D activities and daily operation.

For the year ended December 31, 2024, revenue of RMB38.4 million was comparable to that of the year ended December 31, 2023. The increase in AdimFlu-S (QIS) revenue, driven by higher sales volume, was offset by sales return of AdimFlu-S (QIS) recognized in the Reporting Period, amounting to RMB11.6 million. Without considering the aforesaid sales return recognized during the Reporting Period, the Group generated revenue of approximately RMB46.8 million for the year ended December 31, 2024 from AdimFlu-S (QIS) sales in the current flu season.

Other income and gains decreased by RMB2,474.2 million from RMB2,571.4 million for the year ended December 31, 2023 to RMB97.2 million for the year ended December 31, 2024, mainly because the majority of the funding from CEPI was recognized in 2023, the effect of which is partially offset by a partial waiver of trade payables recognized in other income and gains, as well as the increases in government grants and bank interest income.

Selling and distribution expenses decreased by RMB35.1 million from RMB54.8 million for the year ended December 31, 2023 to RMB19.7 million for the year ended December 31, 2024, which was primarily attributable to reduced salaries and benefits for commercial team and market development expenses excluding sales return impact as a result of an increasingly mature and efficient commercialization system and the influence of market development expenses deducted in the Reporting Period because of relevant sales return of AdimFlu-S (QIS).

FINANCIAL HIGHLIGHTS

Administrative expenses significantly decreased by RMB123.6 million, or approximately 62%, from RMB198.8 million for the year ended December 31, 2023 to RMB75.2 million for the year ended December 31, 2024, primarily due to decreases in employee salaries and benefits and consulting fees as a reflection of the ongoing cost-saving initiatives and the enhanced operation efficiency.

R&D expenses decreased by RMB466.5 million, or approximately 72%, from RMB649.9 million for the year ended December 31, 2023 to RMB183.4 million for the year ended December 31, 2024, as SCB-2019 (CpG 1018/Alum) related R&D (clinical, CMC and regulatory) activities were completed and the Group continues to strategically optimize the R&D team and prioritize respiratory vaccine products.

Other expenses decreased by RMB1,073.7 million from RMB1,811.9 million for the year ended December 31, 2023 to RMB738.2 million for the year ended December 31, 2024, primarily because a large portion of COVID-19 vaccine-related inventories was made impairment provision in 2023.

Loss for the year increased by RMB764.9 million from RMB138.5 million for the year ended December 31, 2023 to RMB903.4 million for the year ended December 31, 2024, primarily due to the non-recurring combined effect of the recognized other income of funding from CEPI and the impairment provision of inventories in 2023.

NON-IFRS MEASURES:

Adjusted loss for the year represents the loss for the year excluding the effect brought by share-based compensation expenses.

The term adjusted loss for the year is not defined under the IFRSs. The table below sets forth reconciliation of the loss for the year to adjusted loss for the year:

	Year Ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year	(903,428)	(138,539)
Added:		
Share-based compensation expenses	16,278	53,515
Adjusted loss for the year	(887,150)	(85,024)

During the Reporting Period, the Company made significant progress in expanding our product portfolio and optimizing our business operations:

OUR PRODUCTS AND CANDIDATES

Respiratory Syncytial Virus (RSV) Vaccine (SCB-1019)

- The Company is the first Chinese vaccine corporate with an in-house developed non-adjuvanted prefusion F (PreF) bivalent RSV vaccine candidate (SCB-1019) which is based on the Company's Trimer-Tag vaccine technology platform and proprietary stabilization mutations to enter into the clinical trial stage.

- In April, June and October 2024, the Company announced three sets of phase I results for SCB-1019 demonstrating positive immunogenicity and safety data.

- In October 2024, SCB-1019 became the first and only RSV vaccine candidate to-date to announce clinical trial results evaluating head-to-head comparison with a licensed and commercialized RSV vaccine (AS01E-adjuvanted Arexvy), indicating a potential best-in-class combined efficacy & safety profile for unadjuvanted SCB-1019.

- The Company has obtained the US FDA IND to initiate our SCB-1019 revaccination clinical trial and the first participants had been enrolled in late March 2025. The ongoing Phase I revaccination clinical trial in the United States is enrolling up to 160 older adults (aged 60-85) who previously received an initial dose of GSK's RSV vaccine (AREXVY) at least two seasons prior, and participants will be randomized to receive either a heterologous revaccination dose of SCB-1019, a homologous AREXVY revaccination dose or saline placebo. The study will assess safety, reactogenicity and immunogenicity of SCB-1019 in a repeated vaccination regimen.

AdimFlu-S (QIS)

- The Company is distributing the only imported seasonal quadrivalent influenza vaccine AdimFlu-S approved for use in individuals aged three years and older from Adimmune Corporation ("**Adimmune**") in the PRC.

- At the end of July 2024, the Company completed the batch release of AdimFlu-S from National Institutes for Food and Drug Control (NIFDC), allowing us to improve market access and distribution ahead of the fall and winter vaccination campaign in the PRC.

SCB-219M

- SCB-219M is a fusion protein (TPO-mimetic bispecific-Fc) targeted to treat chemotherapy-induced thrombocytopenia (CIT).

- In November 2024, a phase Ib trial was initiated evaluating repeated dosing of SCB-219M in CIT patients.

COVID-19 Vaccine

- The emergency use authorization (EUA) in China for our COVID-19 vaccine issued in December 2022 remains active.

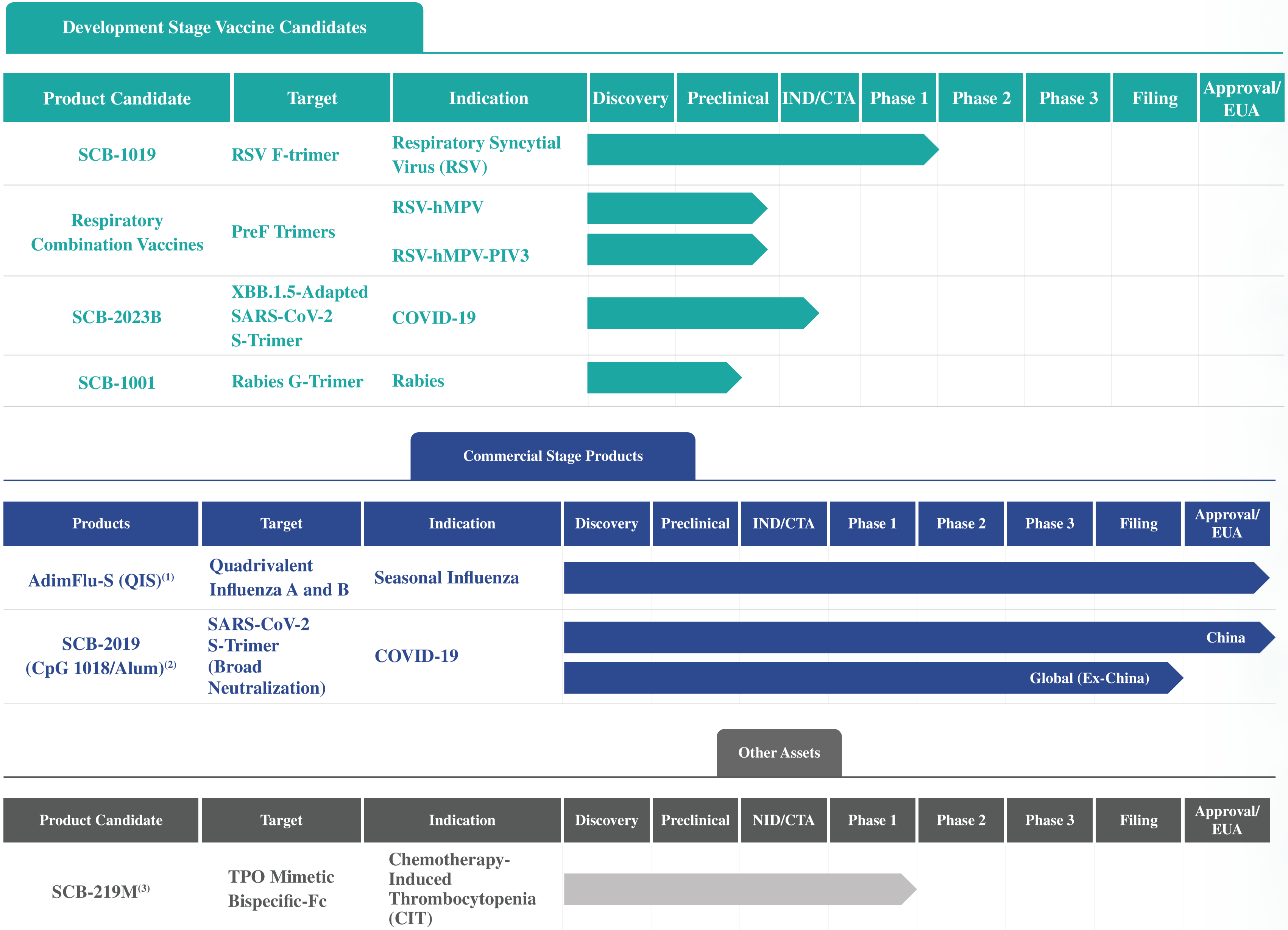
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Clover is a global commercial-stage biotechnology company committed to unleashing the power of innovative vaccines to save lives and improve health around the world. With integrated R&D, manufacturing and commercial capabilities as well as strong partnerships with organizations globally, the Company has a diverse pipeline of candidates that have the potential to meaningfully reduce the burden of vaccine-preventable diseases and to make more diseases preventable.

The Trimer-Tag technology platform, which was validated by the successful development of COVID-19 vaccine SCB-2019 (CpG 1018/Alum) and is being leveraged for the development of RSV vaccine candidate SCB-1019, is a product development platform for the creation of protein-based vaccines based on naturally trimerization-dependent targets. The Trimer-Tag technology platform can trimerize any protein of interest into covalently-trimerized structures. The trimerization motif of Trimer-Tag is based on a human amino acid sequence derived from human collagen (C-terminal domain of Type I procollagen). Currently, Trimer-Tag is the only trimerization technology platform globally for producing recombinant, covalently-trimerized fusion proteins (trimer-tagged proteins) utilizing a human-derived trimerization tag.

During the Reporting Period, the Company achieved multiple key milestones. Particularly, the Company's non-adjuvanted RSV prefusion-stabilized F (PreF)-Trimer subunit vaccine candidate SCB-1019 not only demonstrated strong preliminary immunogenicity and safety data from phase I trials in young (age 18-59) and older (age ≥60) adults, but also demonstrated encouraging head-to-head clinical results versus Arexvy of GSK commercialized RSV vaccine product to significantly de-risk and to indicate potential best-in-class combined efficacy & safety profile for our SCB-1019. The Company is committed to prioritizing resources to advancing the clinical development of SCB-1019 in order to further validate its potential best-in-field and differentiated profile in the global RSV vaccine market, which includes the RSV-containing respiratory combination vaccine markets and RSV re-vaccination in older adults (age ≥60) markets. Meanwhile, the Company had continued to strengthen our domestic commercialization capabilities strategically. With an optimized commercialization team and smooth execution, the Company successfully obtained the batch release of QIS at the end of July 2024, positioning the Company to better commercialize this influenza product in the PRC in 2024.



(1) Clover entered into an exclusive agreement with Adimmune to commercialize AdimFlu-S (QIS) in the PRC in February 2023.
(2) COVID-19 vaccine received EUA in China in December 2022.
(3) Received positive Phase I results for SCB-219M, and a Phase Ib trial evaluating repeated dosing of SCB-219M in CIT and CTIT patients is ongoing.

BUSINESS REVIEW

Our Products and Candidates

The Company focused on building a leading respiratory vaccine franchise to address unmet needs in preventing serious respiratory infectious diseases and to capture related significant cross-promotion, co-administration, and long-term lifecycle management opportunities.

RSV Vaccine Candidate

SCB-1019 is the Company's non-adjuvanted bivalent RSV vaccine candidate based on prefusion-stabilized F (PreF) protein leveraging the validated Trimer-Tag platform and proprietary stabilization mutations.

The Company initiated the phase I clinical trial in Australia in December 2023 which is a randomized, placebo-controlled study to assess the safety, reactogenicity and immunogenicity of SCB-1019 at multiple dose levels and in different formulations in young and older adults. The positive results in the young adult cohort (aged 18-59) and the older adult and elderly cohort (aged 60-85) were consistent, and they were publicly disclosed in early April and middle June 2024.

In the middle of June 2024, the Company initiated additional phase I clinical trial in older adult & elderly subjects in Australia to evaluate the immunogenicity and safety profiles of non-adjuvanted SCB-1019 compared head-to-head with a commercialized comparator (AS01E-adjuvanted Arexvy, GSK's RSV vaccine). 70 older adult & elderly subjects were enrolled and received either SCB-1019, Arexvy or saline placebo.

At the end of October 2024, the Company announced positive results from this phase I clinical trial which significantly de-risk and indicate Clover's potential best-in-class combined efficacy and safety profile for SCB-1019. To-date, this is the first and the only clinical results announced globally evaluating head-to-head comparison with a licensed, commercialized and leading RSV vaccine product.

- Immunogenicity Results
    - RSV Neutralizing Antibodies (nAbs): Non-adjuvanted SCB-1019 induced geometric mean titers (GMTs) in RSV-A and RSV-B nAbs that were comparable to AS01E-adjuvanted AREXVY at Day 28, with no statistically significant differences observed.
        - RSV-A nAbs: SCB-1019 induced GMTs in RSV-A nAbs of approximately 30,500 IU/mL, compared to approximately 26,700 IU/mL for AREXVY and approximately 3,300 IU/mL for placebo at Day 28.
        - RSV-B nAbs: SCB-1019 induced GMTs in RSV-B nAbs of approximately 32,000 IU/mL, compared to approximately 37,700 IU/mL for AREXVY and approximately 2,900 IU/mL for placebo at Day 28.
    - RSV-B Specific Antibodies: SCB-1019 (bivalent RSV-A/B) included an approximately 1.5 fold higher trend in antibodies (Geometric Mean Ratio, GMR) against a potent RSV-B specific neutralization epitope in Site V compared to AREXVY (monovalent RSV-A), based on an exploratory competitive-ELISA assay, indicating the potential for greater and more sustained immunological breadth upon re-vaccination if confirmed in subsequent studies.

- Safety & Reactogenicity Results
    - Significantly lower rates of local adverse events (AEs) were observed for non-adjuvanted SCB-1019 (16.7%) compared to AS01E-adjuvanted AREXVY (76.7%).
    - SCB-1019 was generally well-tolerated. Local and systemic AEs were generally mild for SCB-1019 and were comparable to saline placebo.
    - No vaccine related serious adverse events (SAEs), adverse events of special interest (AESIs), or AEs leading to discontinuation were observed.

Based on these positive Phase I trial results, the Company plans to initiate clinical trials in 2025 evaluating SCB-1019 utilized in an RSV re-vaccination setting and as part of a respiratory combination vaccine.

AdimFlu-S (QIS)

In February 2023, the Company announced that it entered into an exclusive agreement with Adimmune to distribute AdimFlu-S (QIS) in the PRC, where it is the only imported seasonal quadrivalent influenza vaccine approved for use in individuals aged three years and older.

At the end of July 2024, the Company obtained the batch release of QIS from National Institutes for Food and Drug Control (NIFDC), enabling the Company to achieve improved market access for AdimFlu-S (QIS) across the PRC in 2024.

As at the date of this annual report, the QIS vaccine has been listed in 29 provinces and municipalities in China.

SCB-219M

SCB-219M is a fusion protein (TPO-mimetic bispecific-Fc) targeted to treat chemotherapy-induced thrombocytopenia (CIT). Compared to native TPO-based therapy, which is commercially available in China, SCB-219M could potentially overcome reduced efficacy due to anti-drug antibodies (ADA) and achieve a more convenient dosing regimen attributed to its longer half-life.

- In December 2023, the Company announced positive preliminary safety, efficacy and pharmacokinetics data in a Phase I clinical trial evaluating SCB-219M.
- In November 2024, a phase Ib trial was initiated evaluating repeated dosing of SCB-219M in CIT patients.

COVID-19 Vaccine

- The Emergency Use Authorization (EUA) in China for our COVID-19 vaccine issued in December 2022 remains active.
- We are waiting for the updated COVID-19 vaccination guidance from National Health Commission while we are evaluating this emerging business opportunity to plan our resources prudently. The Company will continue to engage with regulatory authorities and policymakers regarding COVID-19 vaccine business opportunity.

We cannot guarantee that we will ultimately develop or market our core product successfully. Shareholders and potential investors of our Company are advised to exercise due care when dealing in the Shares of our Company.

R&D

As a biotechnology company, the Company continues to value scientific innovation and expand its product and candidate portfolio to achieve long-term and sustainable development.

The Company has been equipped and empowered by a comprehensive R&D team enabling product candidate discovery, proof-of-concept, preclinical and clinical development. Accelerating the clinical progress of SCB-1019 remains the Company's primary objective in 2025, with approximately 65% of the Group's internal financial resources prioritized on SCB-1019 in 2025. As of December 31, 2024, the Company's in-house R&D activities were supported by 115 employees across regions.

Manufacturing

During the Reporting Period, the Company utilized manufacturing capabilities at its in-house commercial-scale manufacturing facility in Changxing, Zhejiang province to support development of its RSV vaccine candidate (SCB-1019). The facility has achieved commercial GMP status in China and received a vaccine Drug Manufacturing License (DML) from the China NMPA, representing potential advantages compared to other domestic manufacturers utilizing new manufacturing sites.

This in-house manufacturing site has proven commercial scale production track record and will be valuable to the development of the Company's other product candidates, including SCB-1019.

Other Key Corporate Developments

To navigate the challenges of the current macroeconomic environment, the Company continued to take significant measures to (1) heighten focus on its core strengths and capabilities in vaccine development and (2) prudently evaluate its expenses and streamline the organization to increase efficiency and improve effectiveness. The Company will continue to focus resources on achieving its top priorities while continuing to build an innovative portfolio that can potentially generate significant value-creation opportunities.

Future Outlook

Based on our validated Trimer-Tag platform and encouraging clinical trial results in 2024 for SCB-1019, the Company continues to stay focused to implement our long-term strategy to gradually build a leading respiratory vaccine franchise across the globe. Our phase I clinical trial results in Australia significantly de-risk and indicate Clover's potential best-in-class combined efficacy and safety profile for non-adjuvanted bivalent RSV vaccine candidate SCB-1019. The Company plans to initiate clinical trials in 2025 to evaluate SCB-1019 in an RSV re-vaccination setting and as part of a respiratory combination vaccine. We will continue to prioritize resources to further validate the potential best-in-field and differentiated profile of SCB-1019 in the global RSV vaccine market to maximize potential value creation and impact on public health.

In terms of corporate governance, the Company will keep taking significant measures towards corporate financial sustainability by improving operating efficiency, pursuing value-creating opportunities and maintaining a resilient cash position to support future success.

FINANCIAL REVIEW

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

	Year ended December 31,	
	2024 *RMB'000*	2023 *RMB'000*
REVENUE	38,419	39,255
Cost of sales	(16,841)	(15,014)
Gross profit	21,578	24,241
Other income and gains	97,215	2,571,354
Selling and distribution expenses	(19,705)	(54,766)
Administrative expenses	(75,172)	(198,816)
Research and development expenses	(183,387)	(649,885)
Other expenses	(738,201)	(1,811,944)
Finance costs	(5,756)	(18,723)
LOSS BEFORE TAX	(903,428)	(138,539)
Income tax expense	–	–
LOSS FOR THE YEAR	(903,428)	(138,539)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	79,277	88,246
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	79,277	88,246
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(95,577)	(69,237)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(95,577)	(69,237)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(16,300)	19,009
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(919,728)	(119,530)
Non-IFRS Measures		
Adjusted loss for the year	(887,150)	(85,024)

Revenue

The Group's revenue mainly derives from AdimFlu-S (QIS) in the PRC.

At the end of each reporting period, the Group estimates the future sales return of the goods sold and a corresponding adjustment to revenue is recognized for those products expected to be returned. The estimation of sales return requires the use of judgment and estimates. Where the actual return rate is different from the original estimate, such a difference will be trued up in subsequent periods.

For the year ended December 31, 2024, revenue of RMB38.4 million was comparable to that of the year ended December 31, 2023. The increase in AdimFlu-S (QIS) revenue, driven by higher sales volume, was offset by sales return of AdimFlu-S (QIS) recognized in the Reporting Period, amounting to RMB11.6 million.

When estimating the sales return of the seasonal influenza vaccine that the Group distributes in the PRC, the Group considers all relevant factors including but not limited to the epidemiology data and market trends from prior years, the development trend of the epidemic in the current period as well as the most updated information about market demand based on the Group's research. The Group had anticipated that influenza epidemic might break out in the spring of 2024 which would lead to an increase in demand for influenza vaccination. However, no significant influenza outbreaks ultimately occurred during the first half of 2024, resulting in the actual return rate being higher than the initial estimate as at the end of 2023 and causing a negative impact on revenue recognized in 2024.

Without considering the aforesaid sales return recognized during the Reporting Period, the Group generated revenue of approximately RMB46.8 million for the year ended December 31, 2024 from AdimFlu-S (QIS) sales in the current flu season. With an optimized commercialization team and smooth execution, the Group successfully obtained the batch release of AdimFlu-S (QIS) at the end of July 2024, positioning the Group to better commercialize this influenza product in 2024.

Other Income and Gains

The Group's other income and gains primarily consist of bank interest income, funding from CEPI, government grants and waiver of trade payables.

For the year ended December 31, 2024, other income and gains decreased by RMB2,474.2 million from RMB2,571.4 million for the year ended December 31, 2023 to RMB97.2 million. The decrease was primarily due to the majority of the funding from CEPI was recognized in 2023, the effect of which was partially offset by a partial waiver of trade payables recognized in other income and gains, as well as increases in government grants and bank interest income.

In June 2024, the Group entered into a settlement agreement with one of its vendors, pursuant to which the vendor waived partial of the Group's payables under the service agreement between the two parties as an incentive for the Group to settle the amount due to the vendor. This waiver of debt was recognized in other income and gains, as all contractual obligations under the service agreement have been fulfilled by the vendor, and no additional services or goods are to be exchanged for the waived liability.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consist of salaries and benefits for commercial team, market development expenses and travel expenses.

For the year ended December 31, 2024, selling and distribution expenses of the Group decreased by RMB35.1 million from RMB54.8 million for the year ended December 31, 2023 to RMB19.7 million. The decrease was primarily due to reduced salaries and benefits for commercial team and market development expenses excluding sales return impact as a result of an increasingly mature and efficient commercialization system, and also influenced by market development expenses deducted in the Reporting Period because of relevant sales return of AdimFlu-S (QIS).

Administrative Expenses

The Group's administrative expenses primarily consist of (i) employee salaries and benefits, including accrued share-based compensation expenses; (ii) consulting fees; (iii) depreciation and amortization expenses; and (iv) office expenses. Other administrative expenses include IT software license expenses and other miscellaneous expenses in connection with administration activities.

For the year ended December 31, 2024, administrative expenses of the Group significantly decreased by RMB123.6 million, or approximately 62%, from RMB198.8 million for the year ended December 31, 2023 to RMB75.2 million. This reduction was primarily attributable to decreases in employee salaries and benefits and consulting fees as a reflection of the ongoing cost-saving initiatives and the enhanced operation efficiency.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Employee salaries and benefits	46,706	132,871
– *Share-based compensation expenses*	14,273	34,626
Consulting fees	12,005	26,260
Depreciation and amortization	8,076	13,471
Office expenses	1,690	8,450
Others	6,695	17,764
Total	75,172	198,816

Research and Development Expenses

The Group's R&D expenses primarily consist of: (i) employee salaries and benefits, including accrued share-based compensation expenses; (ii) clinical trial expenses, mainly consisting of payments to CROs, hospitals and other medical institutions and related fees; (iii) costs of raw materials and consumables used for R&D activities; (iv) R&D consulting and service fees, mainly related to preclinical study costs and service fees incurred by CDMOs to prepare for commercial launch; and (v) depreciation and amortization in relation to our leasehold buildings, machinery and equipment.

For the year ended December 31, 2024, R&D expenses decreased by RMB466.5 million, or 72%, from RMB649.9 million for the year ended December 31, 2023 to RMB183.4 million. The decrease was primarily attributable to (i) a significant decrease in CDMO service fees, raw materials and consumables used and clinical trial expenses, as SCB-2019 (CpG 1018/Alum) related R&D (clinical, CMC and regulatory) activities were completed; and (ii) decreases in employee salaries and benefits, as the Group continues to strategically optimize the R&D team and prioritize respiratory vaccine products.

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Employee salaries and benefits	100,428	236,323
– *Share-based compensation expenses*	7	16,443
Clinical trial expenses	11,133	196,479
R&D consulting and service fees	6,197	50,692
Costs of raw materials and consumables	11,669	57,986
Depreciation and amortization	30,988	53,764
Others	22,972	54,641
Total	183,387	649,885

Other Expenses

The Group's other expenses primarily consist of write-down of inventories to net realizable value, net foreign exchange loss and impairment of property, plant and equipment.

For the year ended December 31, 2024, other expenses of the Group decreased by RMB1,073.7 million from RMB1,811.9 million for the year ended December 31, 2023 to RMB738.2 million, primarily because a large portion of COVID-19 vaccine-related inventories was made impairment provision in 2023.

As part of the Company's prudent financial management, the Company continuously evaluated the recoverability of COVID-19 vaccine related raw materials reserved. The Company considered various factors such as the evolving market conditions for COVID-19 vaccines, the Company's ongoing dialogue with Gavi, and the availability of alternative commercial demand for the relevant materials, and decided to make a full provision of RMB676.1 million for these materials accordingly in 2024. The determination of the provision of inventories involves critical management estimates and is subject to market changes.

Finance Costs

The Group's finance costs primarily consist of (i) interest on bank loans and (ii) interest on lease liabilities, mainly in relation to our offices in Shanghai and Chengdu.

For the year ended December 31, 2024, finance costs of the Group decreased by RMB12.9 million from RMB18.7 million for the year ended December 31, 2023 to RMB5.8 million, primarily due to decreased interest expenses related to bank loans.

Loss for the Year

As a result of the above, the loss of the Group increased by RMB764.9 million from RMB138.5 million for the year ended December 31, 2023 to RMB903.4 million for the year ended December 31, 2024.

Non-IFRS Measure

To supplement the Group's annual consolidated financial statements, which are presented in accordance with the IFRSs, the Group also provides adjusted loss for the year as supplemental information. Such measures are not required by the IFRSs, but the Group deems it useful information to its Shareholders and potential investors for the evaluation of the Group's annual consolidated financial results.

Adjusted loss for the year represents the loss for the year excluding the effect brought by share-based compensation expenses. This non-IFRS measure should not be considered in isolation from, or as a substitute for the analysis of, the Group's IFRS reporting. The Company's presentation of such adjusted figures may not be comparable to a similarly titled measure presented by other companies. However, the Company believes that this non-IFRS measure is a better indication of the Group's normal operating results and a better basis for the comparison of operating performance from period to period.

The table below sets forth a reconciliation of the loss for the year to the adjusted loss for the year during the years indicated:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Loss for the year	(903,428)	138,539
Added:		
Share-based compensation expenses	16,278	53,515
Adjusted loss for the year	(887,150)	(85,024)

Selected Data from Consolidated Statement of Financial Position

	As of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Total current assets	663,209	1,899,519
Total non-current assets	149,535	201,915
Total Assets	812,744	2,101,434
Total current liabilities	1,907,663	2,277,003
Total non-current liabilities	541,379	557,264
Total liabilities	2,449,042	2,834,267
Net current liabilities	(1,244,454)	(377,484)

Liquidity and Source of Funding and Borrowings

As of December 31, 2024, the Group's cash and bank balances, including cash and cash equivalents, time deposits, restricted cash and pledged deposits, decreased by RMB539.0 million from RMB1,095.5 million as of December 31, 2023 to RMB556.5 million. The decrease primarily resulted from the net cash outflow resulted from bank loan repayment, continued investment in R&D activities and daily operation.

As of December 31, 2024, the current assets of the Group totaled RMB663.2 million, including cash and cash equivalents, time deposits, restricted cash and pledged deposits of RMB556.5 million, trade receivables of RMB41.0 million, prepayments, other receivables and other assets of RMB39.9 million, inventories of RMB11.0 million and financial assets at fair value through profit or loss of RMB14.8 million.

As of December 31, 2024, the current liabilities of the Group were RMB1,907.7 million, including contract liabilities of RMB1,612.5 million, trade payables of RMB120.5 million, other payables and accruals of RMB88.3 million, lease liabilities of RMB12.2 million, interest-bearing bank borrowings of RMB74.0 million and derivative financial instruments of RMB0.2 million.

As of December 31, 2024, the Group had short-term bank loans of RMB74.0 million, bearing fixed interest rates ranging from 1.25% to 3.60% per annum. The new borrowings during the Reporting Period were raised to fully enhance the efficiency of capital.

Currently, the Group follows a set of funding and treasury policies to manage its capital resources and mitigate potential risks. The Group endeavors to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's funding and treasury policy from time to time to ensure its adequacy and effectiveness.

Significant Investments, Material Acquisitions and Disposals

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

Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual report, the Group had no other material capital expenditure plan as of the date of this annual report.

Contingent Liabilities

As of December 31, 2024, the Group did not have any contingent liabilities that we expected would materially adversely affect our business, financial position or results of operations.

Gearing Ratio

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

Capital Commitments

The capital commitments of the Group as of December 31, 2024 were RMB13.1 million, reflecting a decrease of RMB3.0 million from RMB16.1 million as of December 31, 2023, primarily attributable to the decrease in our future payments in relation to the intangible assets. These capital commitments are expected to be financed by internal and external resources of the Group.

Pledge of Assets

As of December 31, 2024, the Group had a total of RMB143.8 million of time deposits pledged to secure its bank borrowings.

Foreign Exchange Exposure

The Company's functional currency is USD and the functional currency of the Company's subsidiaries in China is RMB. During the Reporting Period, the Group mainly operated in China with most of its transactions settled in RMB and USD. Our financial assets and liabilities are subject to foreign currency risk as a result of certain cash and bank balances, trade receivables, other receivables, trade payables, other payables and interest-bearing bank borrowings denominated in non-functional currencies. Therefore, fluctuations in the exchange rate of functional currency against non-functional currency could affect our results of operations. The Group currently does not have a foreign currency hedging policy. However, its management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when needed.

Employees and Remuneration

As of December 31, 2024, the Group had 300 employees. The total remuneration cost incurred by the Group for the year ended December 31, 2024 was RMB162.9 million. The following table sets forth the details of our employees by function as of December 31, 2024:

Function	Number of employees	% of total
R&D	115	38.3%
Manufacturing and CMC	100	33.3%
General and Administrative	51	17.0%
Selling and Marketing	34	11.4%
Total	300	100%

The remuneration package of the Group's employees includes salary, bonus and equity incentives, which is generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds in accordance with relevant laws and regulations.

The Company has also adopted a restricted share unit scheme and a pre-IPO share option plan on April 15, 2021 and a post-IPO share option plan on September 26, 2021 to provide incentives for the eligible participants. For details, please refer to the paragraph headed "D. Share Incentive Plans" in Appendix IV to the Prospectus.

EXECUTIVE DIRECTORS

Dr. LIANG Peng, aged 64, was appointed as an executive Director on October 31, 2018. Dr. Liang is primarily responsible for overall management of the business strategy, corporate development and R&D of the Group. Dr. Liang founded the Group when he established and acted as the chairman of Sichuan Clover in June 2007.

In addition to the Company and Sichuan Clover, Dr. Liang is also serving the following positions in the Group:

- the chairman of Zhejiang Clover since August 2016;
- the president of U.S. Clover since April 2020;
- a director of Australia Clover since June 2017;
- a director of H.K. Clover since November 2018; and
- a director of UK Clover since April 2024.

Dr. Liang has over 26 years of experience in both business and academic fields of the pharmaceutical industry. Prior to founding the Group, Dr. Liang founded GenHunter Corporation in October 1992 and has served as the chairman since its incorporation. From 1995 to 2010, he served as an associate professor in Cancer Biology at Vanderbilt University. From November 2007 to June 2018, Dr. Liang served as adjunct professor in Biochemistry and Molecular Biology at Sichuan University (四川大學). Since July 2021, Dr. Liang has served as a member of the scientific advisory committee of Shandong Boan Biotech Co., Ltd. (山東博安生物技術股份有限公司).

Dr. Liang obtained a Bachelor's Degree in biochemistry from Peking University (北京大學) in July 1982 in China. He received a Doctor of Philosophy in biochemistry from the University of Illinois in May 1990, after which he was a postdoctoral fellow in biochemistry at Harvard Medical School until August 1995 in the U.S. Dr. Liang was a recipient of the 1997 Prize for Innovative Technology awarded by the Society of Chinese Bioscientists in America and the 1998 Prize Molecular Bioanalytics awarded by the German Society of Biochemistry and Molecular Biology.

Save that Dr. LIANG Peng is the father of Mr. LIANG Joshua G, none of the members of the Board is related to one another.

Mr. LIANG Joshua G, aged 33, was appointed as an executive Director on December 25, 2020. Mr. Liang is primarily responsible for leading the management and operation of all functional departments and supervising product strategy of the Group. Mr. Liang joined the Group in April 2016 as the chief strategy officer of Sichuan Clover.

In addition to the positions in the Company, Mr. Liang is serving the following positions in the Group:

- a director and the chief executive officer of Sichuan Clover since September 2017 and June 2020, respectively;
- a director and the general manager of Zhejiang Clover since August 2016;

- the executive director and general manager of Beijing Clover since August 2020;
- the executive director and general manager of Shanghai Clover since February 2021;
- the chief executive officer of U.S. Clover since April 2020;
- the executive director and chief executive officer of Australia Clover since December 2020;
- a director of HK Clover since December 2020;
- a director of UK Clover since January 2024; and
- a director of Ireland Clover since April 2024.

Prior to joining the Group, Mr. Liang served as an analyst at Centerview Partners from July 2014 to February 2016, where he was mainly responsible for assisting in analyzing industry dynamics, competitive positioning and business strategies.

Mr. Liang obtained Bachelor's Degrees in both economics and biology from the University of Pennsylvania in May 2014 in the U.S.

NON-EXECUTIVE DIRECTORS

Dr. WANG Xiaodong, aged 62, was appointed as a non-executive Director on March 16, 2021. Dr. Wang is primarily responsible for providing guidance and advice on the corporate and business strategies of the Group. Dr. Wang joined the Group in December 2011 as a director of Sichuan Clover.

Dr. Wang is concurrently serving the following positions outside the Group:

- a director at Beigene Inc., a pharmaceutical company whose shares are listed on both NASDAQ (ticker symbol: BGNE) and the Stock Exchange (stock code: 6160), since February 2016; and
- a director at National Institute of Biological Sciences, Beijing (北京生命科學研究所) since October 2009.

Prior to joining the Group, Dr. Wang served as a chair professor of Biomedical Sciences at the University of Texas Southwestern Medical Center from 2001 to 2010 and an investigator at Howard Hughes Medical Institute from 1997 to 2010 in the U.S.

Dr. Wang received a Doctor of Philosophy in biochemistry from the University of Texas Southwestern Medical Center in May 1991 in the U.S. and a Bachelor's Degree in biology from Beijing Normal University (北京師範大學) in July 1984 in China. Dr. Wang was awarded many prizes in his professional field, including the Shaw Prize in Life Science and Medicine by the Shaw Prize Foundation (邵逸夫基金會) in September 2006, the Qiu Shi Science and Technologies Prize from the Qiu Shi Science and Technologies Foundation (求是科技基金會) in August 2013, and the King Faisal Prize in Science from the King Faisal Foundation, Saudi Arabia in 2020.

Dr. Donna Marie AMBROSINO, aged 73, was appointed as a non-executive Director with effect from June 17, 2022. Dr. Ambrosino has been serving as a research advisor and member of the vaccine scientific advisory board of the Company (the "**SAB**") since 2020. Dr. Ambrosino has had a career as a scientific leader in biologics and vaccine development for over 35 years. Since 2022, Dr. Ambrosino has been on the board of directors and a member of the scientific advisory board of Inventprise, a biotechnology company specializing in vaccine product development. In addition, she has served as the managing director of Ambrosino Biotech Consulting, LLC since 2018.

From 2021 to 2024, she has served as a member of the scientific advisory board of Everest Medicines Limited, a company whose shares are listed on The Stock Exchange of Hong Kong Limited (stock code: 1952). From 2020 to 2023, a member of the scientific advisory board of Vaxxinity, Inc., a company whose shares are listed on the National Association of Securities Dealers Automated Quotations ("**NASDAQ**") (ticker symbol: VAXX). From 2021 to 2022, she has served as a member of the scientific advisory board of Senda, a therapeutics platform company creating novel treatments. From 2020 to 2023, she served as an advisor to the Gates Foundation. From 2020 to 2021, she served as an advisor to CEPI regarding development of COVID-19 vaccines. From 2016 to 2019, Dr. Ambrosino served as the chief executive officer at Nosocomial Vaccine Corporation, a company principally engaged in R&D of vaccines against nosocomial infections and where she was primarily responsible for leading the collaborative discovery and development of a gram-negative vaccine for hospital acquired infections. From 2014 to 2019, Dr. Ambrosino served as the chief medical officer at ClearPath Vaccines Company LLC, where she was primarily responsible for the development of vaccines. From 2012 to 2014, Dr. Ambrosino served as the chief medical officer at Visterra Inc., a company principally engaged in R&D of therapeutic and diagnostic products for infectious diseases. From 1998 to 2011, Dr. Ambrosino served as the chief executive officer at MassBiologic, where she was primarily responsible for the overall operations and management. Dr.Ambrosino was also an associate professor of pediatrics at the Dana-Farber Cancer Institute and Children's Hospital, Harvard Medical School. At Harvard Medical School she was a National Institutes of Health-funded researcher.

Dr. Ambrosino obtained a Bachelor's Degree in biology from Harvard University in 1974 and a Doctor of Medicine Degree from the Geisel School of Medicine at Dartmouth (formerly known as Dartmouth Medical School) in 1977. Dr. Ambrosino was granted the Governor's Award for Public Service by the State of Massachusetts in 2006.

Dr. Ralf Leo CLEMENS, aged 72, was appointed as a non-executive Director with effect from June 17, 2022. Dr. Clemens has been serving as the chairman of the SAB since its inception in 2020.

Dr. Clemens has held executive positions in several leading multinational corporations and has developed and brought to licensure more than 25 different vaccines globally. He serves as member of the Scientific Advisory Board of (i) Arcturus Therapeutics (a company listed on NASDAQ as ARCT), (ii) ILiAD Biotechnologies and (iii) Minervax, and (iv) chairs the Scientific Advisory Board of the Jenner Institute; (v) consultant to Valneva SE (listed on NASDAQ as VALN and on Euronext Paris as VLA); and (vi) an external scientific advisor to the Gates Foundation since 2012. Dr. Clemens also founded GRID EUROPE LTD in 2015 and has served as a director since its incorporation. In addition, (i) he has been a member of the board of directors of Inventprise since 2022 and serves as the board trustees till 2024; and (ii) he has been a member of GHIT selection committee till 2024.

From 2012 to 2015, Dr. Clemens served as senior vice president at Takeda Vaccines Inc., where he was primarily responsible for the global vaccine development. From 2006 to 2012, Dr. Clemens served as the global head of vaccine development at Novartis Vaccines, where he was primarily responsible for vaccine development. From 1988 to 2006, Dr. Clemens consecutively served as vice president and senior vice president at GlaxoSmithKline, where he was primarily responsible for global vaccine development and business in Latin America.

Dr. Clemens obtained Doctor of Medicine and Doctor of Philosophy degrees from the Johannes Gutenberg University Mainz in Germany in 1977 and 1979, respectively. Dr. Clemens is the author of more than 220 publications and 250 presentations in the fields of vaccines, immunization, and tropical medicine.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. WU Xiaobin, aged 63, was appointed as an independent non-executive Director on April 19, 2021 with effect from September 26, 2021. He is primarily responsible for supervising and providing independent judgement to our Board.

Dr. Wu has more than 26 years of rich experience in the pharmaceutical industry, including 18 years leading China operations of multinational companies, with expertise in integrated R&D, strategy, commercialization and general management. Prior to joining the Group, Dr. Wu was global president and general manager of BeiGene since May 2018. Before joining BeiGene, Dr. Wu served as the country manager of Pfizer China; and regional president of Pfizer Essential Health in Greater China Region from October 2009 to April 2018. Under his leadership, Pfizer China experienced significant growth, and established its position as a leading multinational pharmaceutical company in China and a significant contributor to China's healthcare system. Dr. Wu is widely recognized as an industry opinion leader in China and has actively worked with industry associations and helped to shape and influence the environment to ensure Chinese patients have access to high-quality medicines and vaccines.

Prior to Pfizer, Dr. Wu served as president and managing director of Wyeth China and Hong Kong from 2004 to 2009. Before joining Wyeth, Dr. Wu served as the general manager of Bayer Healthcare in China from 2001 to 2004. He started his career in 1992 in sales and marketing with Bayer in Germany.

Dr. Wu was elected as the vice chairman of the China Pharmaceutical Innovation and Research Development Association since 2019. He is also a research fellow at the Research Center of National Drug Policy and Ecosystem. Dr. Wu served as the vice chairman of the R&D Based Pharmaceutical Association Committee in China from 2008 to 2018. In addition to his duties in industrial associations, Dr. Wu is frequently awarded with industry awards, including being voted as "Person of the Year" in Healthy China Award 2017 and having won the award of "2017 Top 10 Most Influential Person in Chinese Healthcare Industry" and the "2017 Social Responsibility Eminent Person Award."

Dr. Wu obtained a Doctor of Philosophy in biochemistry and pharmacology in April 1993 and a Master's Degree in molecular biology in January 1990 from the University of Konstanz in Germany.

Mr. LIAO Xiang, aged 60, was appointed as an independent non-executive Director on April 19, 2021 with effect from September 26, 2021. He is primarily responsible for supervising and providing independent judgement to the Board.

In addition to his position in the Company, Mr. Liao has served as the chief executive officer of NovaStream Biotech Co., Ltd. (北京欣生禾生物科技有限公司) since March 2012. From January 2008 to January 2012, he worked for Novartis Vaccines. From May 1992 to December 2007, he worked for Sanofi Pasteur, a biotechnology company, where he served various positions with the last one being a corporate development director.

Mr. Liao obtained a Bachelor's Degree in medicine from West China University of Medical Sciences (華西醫科大學) in July 1987 in China and a Master's Degree in biochemistry from the University of Scranton in August 1992 in the U.S. He obtained a Master of Business Administration from Columbia University in October 2003 in the U.S.

Mr. Jeffrey FARROW, aged 63, was appointed as an independent non-executive Director on April 19, 2021 with effect from September 26, 2021. He is primarily responsible for supervising and providing independent judgement to the Board.

In addition to his position in the Company, Mr. Farrow has been appointed as the chief financial officer and chief strategy officer of Tarsus Pharmaceuticals, Inc., a company whose shares are listed on the NASDAQ (ticker symbol: TARS) with effect from April 24, 2023. Mr. Farrow also served as the chief financial officer of Global Blood Therapeutics, Inc., a company whose shares are listed on the NASDAQ (ticker symbol: GBT) by December 2022. From June 2015 to March 2016, he worked for ZS Pharma, Inc., a biotechnology company, as its chief financial officer. From November 2009 to May 2015, he first worked as the vice president of finance and then the chief financial officer of Hyperion Therapeutics, Inc. From May 2008 to December 2009, he served as the vice president of finance of Evotec, a biotechnology company listed on Frankfurt Stock Exchange (ticker symbol: EVT), where he was mainly responsible for US finance operations and SEC filings. From January 2004 to July 2007, he first worked as the senior director of finance and then the vice president of finance and chief accounting officer at Renovis, Inc. (a company acquired by Evotec in 2008). From July 1996 to January 2004, he worked for KPMG with his last position being a senior manager.

Mr. Farrow obtained a Bachelor's Degree in business administration with a concentration in finance from California State University of Fullerton in June 1993 in the U.S. Mr. Farrow obtained the Certified Public Accountant license from California Board of Accountancy in May 2002 in the U.S.

Mr. Thomas LEGGETT, aged 48, was appointed as an independent non-executive Director on April 19, 2021 with effect from September 26, 2021. He is primarily responsible for supervising and providing independent judgement to the Board.

In addition to his position at the Company, Mr. Leggett also serves as the chief financial officer of Stoke Therapeutics, Inc., a company whose shares are listed on the NASDAQ (ticker symbol: STOK) since May 2024. Prior to his current role, Mr. Leggett served as the chief financial officer of Affinia Therapeutics, Inc., a private biotechnology company from January 2022 to May 2024. Prior to Affinia, Mr. Leggett served as the chief financial officer of Black Diamond Therapeutics, Inc., a company whose shares are listed on the NASDAQ (ticker symbol: BDTX) from September 2019 to December 2021. Prior to Black Diamond, he worked for a NASDAQ listed company, Axcella Health, Inc. (ticker symbol: AXLA) as its chief financial officer from January 2017 to August 2019. Starting in May 2015, he worked as the treasurer and head of business development finance of Purdue Pharma L.P., a pharmaceuticals company. From November 2009 to May 2015, Mr. Leggett first served as a director and then an executive director of UBS Securities, where he was mainly responsible for providing corporate finance and strategic advisory services to life sciences clients. From January 2007, he worked at Lazard Freres & Co., an investment bank. From August 2004 to January 2007, he worked for J.P. Morgan Securities as an associate.

Mr. Leggett obtained a Bachelor's Degree in economics from Columbia University in May 1999 and a Master of Business Administration from the Wharton School of the University of Pennsylvania in May 2004 in the U.S.

SENIOR MANAGEMENT

Mr. LIANG Joshua G, aged 33, was appointed as the chief executive officer on December 25, 2020. Please see the section headed "Executive Directors" above for details of his biography.

Dr. LIANG Peng, aged 64, has been the chief scientific officer since the incorporation of the Company on October 31, 2018. Please see the section headed "Executive Directors" above for details of his biography.

JOINT COMPANY SECRETARIES

Ms. WANG Xiaoyan (王曉艷**)**, aged 44, was appointed as one of the Company's joint company secretaries (the "**Joint Company Secretary(ies)**") on March 31, 2023.

Prior to joining the Company in April 2022, Ms. Wang served as the general counsel at AIM Vaccine Co., Ltd., a company whose shares are listed on the Stock Exchange (stock code: 6660), from April 2020 to April 2022. From September 2012 to March 2020, Ms. Wang served as the legal director at Shenzhen Sanofi Pasteur Biological Products Co., Ltd. (深圳賽諾菲巴斯德生物製品有限公司), a company primarily engaged in research, development and sales of vaccine. From January 2007 to August 2012, Ms. Wang served as the senior legal counsel at Sanofi (China) Investment Co., Ltd. (賽諾菲(中國)投資有限公司). From April 2004 to December 2006, Ms. Wang served as a legal counsel at Aurora (China) Investment Co., Ltd. (震旦(中國)投資有限公司).

Ms. Wang obtained a Bachelor of Law Degree from Dalian Maritime University (大連海事大學) in July 2002, Masters of Law Degrees from University College London and Renmin University of China (中國人民大學) in November 2003 and September 2016, respectively, and an Executive Master of Business Administration Degree from China Europe International Business School (中歐國際工商學院) in May 2018.

Ms. CHAU Hing Ling (周慶齡**)**, aged 50, was appointed as the Joint Company Secretary of the Company on December 22, 2021. Ms. CHAU is currently an executive director of corporate services of Vistra Corporate Services (HK) Limited. She has over 21 years of experience in the corporate services industry. She is currently the company secretary/joint company secretary of certain listed companies.

Ms. Chau obtained a master of laws majoring in corporate and financial law from The University of Hong Kong in November 2007. She has been a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in United Kingdom since May 2013.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the publication date of the Company's interim report for 2024, are set out below:

Mr. Thomas LEGGETT also serves as the chief financial officer of Stoke Therapeutics, Inc., a company whose shares are listed on the NASDAQ (ticker symbol: STOK) since May 2024.

Dr. Ralf Leo CLEMENS (i) has been a member of the board of directors of Inventprise since 2022 and serves as the board trustees till 2024; and (ii) he has been a member of GHIT selection committee till 2024.

Save as disclosed herein, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

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

BOARD OF DIRECTORS

There are currently two executive Directors, three non-executive Directors and four independent non-executive Directors on the Board.

During the year ended December 31, 2024 and as of the Latest Practicable Date, the Directors were:

Executive Directors

Dr. LIANG Peng *(Chairman of the Board)*
Mr. LIANG Joshua G

Non-executive Directors

Dr. WANG Xiaodong
Dr. Donna Marie AMBROSINO
Dr. Ralf Leo CLEMENS

Independent Non-executive Directors

Dr. WU Xiaobin
Mr. LIAO Xiang
Mr. Jeffrey FARROW
Mr. Thomas LEGGETT

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on October 31, 2018 as an exempted limited liability company under the laws of the Cayman Islands. The Company's Shares were listed on the Main Board of the Stock Exchange on November 5, 2021.

PRINCIPAL ACTIVITIES

We are a global commercial-stage biotechnology company committed to unleashing the power of innovative vaccines to save lives and improve health around the world. We leverage the Trimer-Tag technology platform to conduct R&D for innovative vaccines that can fulfill unmet need, with a focus on building a respiratory vaccine franchise and establishing a presence in the pediatric vaccine market.

For further details of the Company's principal activities, please see the section headed "Business Review" under "Management Discussion and Analysis" of this annual report.

During the Reporting Period, we also tried to strategically develop our commercialization capabilities to produce and distribute vaccines.

BUSINESS REVIEW AND RESULTS

A review of the business and future prospects of the Group during the Reporting Period is provided in the section headed "Business Review" under "Management Discussion and Analysis" of this annual report. An analysis of the Group's financial performance during the Reporting Period is provided in the section headed "Financial Review" under "Management Discussion and Analysis" of this annual report.

The results of the Group for the Reporting Period are set out in the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

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

- If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize the Group's product candidates, or experience significant delays in doing so, our business will be significantly harmed;

- If the Group encounters difficulties enrolling patients or participants in our clinical trials, our clinical development activities could be delayed and result in increased costs and longer development periods or otherwise adversely affected;

- If clinical trials of product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates;

- Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results;

- The regulatory approval processes of regulatory authorities of national and multilateral institutions are lengthy, time-consuming and inherently unpredictable. If the Group is ultimately unable to obtain regulatory approval for product candidates, our business will be substantially harmed;

- The Group's rights to develop and commercialize our Trimer-Tag pipeline products are subject, in part, to the terms and conditions of licenses granted to us by the Group's licensor GenHunter;

- If the Group is unable to maintain sufficient distribution, marketing, and sales capabilities, the Group may not be able to generate product sales revenues;

- The regulatory pathway for vaccines is highly dynamic and continues to evolve and may result in unexpected or unforeseen delays or challenges;

- The manufacture of biologics is a complex process which requires significant expertise and capital investment, and if the Group encounters problems in manufacturing our future products, the business could suffer;

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

- The Group engages CROs to conduct certain elements of its pre-clinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or comply with regulatory requirements, the Group may not be able to obtain regulatory approval for or commercialize product candidates and its business could be substantially harmed;

- The Group has entered into collaborations and may form or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and the Group may not realize the benefits of such alliances or licensing arrangements; and

- In the event that the GAVI initiates arbitration proceedings with the Group, there exists a potential risk of incurring contingent liabilities with other relevant vendors.

Please also refer to note 2.1 to the consolidated financial statements for details in relation to material uncertainty related to going concern and the Company's mitigation measures.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our corporate vision and mission are intricately linked with social responsibility in promoting sustainability and protecting the environment.

We are subject to and comply with the environmental protection and occupational health and safety laws and regulations in China. During the Reporting Period, we did not have any incidents or complaints in relation to environmental protection and occupational health and safety which had a material and adverse effect on our business, financial condition or results of operations. Besides China, we also have limited R&D and business operations overseas. Regardless of the scale of our operations, we make every effort to ensure that we are compliant with all local laws and regulations in the jurisdictions where we operate.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

EMPLOYEE AND REMUNERATION POLICIES

As of December 31, 2024, the Group had 300 employees.

The number of employees of the Group varies from time to time depending on need. The remuneration package of the Group's employees includes salary, bonus and equity incentives, which is generally determined by their qualifications, industry experience, position and performance. The Company makes contributions to social insurance and housing provident funds in accordance with relevant laws and regulations.

The Company also has adopted the Pre-IPO Share Option Plan, the RSU Scheme and the Post-IPO Share Option Plan to provide rewards or incentives to eligible participants for their contribution or potential contribution to the Group. Please refer to the sections headed "Pre-IPO Share Option Plan", "RSU Scheme" and "Post-IPO Share Option Plan" in this annual report for further details.

The total remuneration cost incurred by the Group for the year ended December 31, 2024 was RMB162.9 million.

For the year ended December 31, 2024, the Group did not experience any material labor disputes or strikes that may have a material adverse effect on the Group's business, financial condition or results of operations, or any difficulty in recruiting employees.

MAJOR SUPPLIERS

During the Reporting Period, the Group's suppliers primarily consisted of suppliers of CROs and CDMOs, raw materials and consumables, vaccine products, and equipment and devices.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers accounted for approximately 42.5% (2023: 62.9%) of the Group's total purchase amount in the same year. Purchases from the Group's largest supplier for the year ended December 31, 2024 accounted for approximately 28.2% (2023: 35.8%) of the Group's total purchase amount for the same year.

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

MAJOR CUSTOMERS

For the year ended December 31, 2024, the Group's five largest customers and the Group's largest customer accounted for approximately 100.0% and 91.6%, respectively, of the Group's total revenue from the sales of vaccine products. (2023: 99.99% and 99.98%, respectively)

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any interest in the Group's five largest customers.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including suppliers, customers, employees, Shareholders and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability by cultivating strong relationships with them.

Relationship with Employees

The Group endeavors to cultivate talented and loyal employees by treating our employees with dignity, respect and fairness. The Group conducts new employee training, as well as professional and compliance training programs for employees. It enters into employment contracts with its employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of its employees usually includes salary, bonus and equity incentives, which are generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds in accordance with relevant laws and regulations.

Relationship with Shareholders

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes that communication with the Shareholders is a two-way process and strives to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, interim and annual reports and results announcements.

Relationship with Suppliers

The Group selects its suppliers by considering their product quality, industry reputation and compliance with relevant regulations and industry standards. The Group has maintained strict control over the quality of services offered by its suppliers. The Group understands the importance of maintaining a good relationship with its suppliers to meet its immediate and long-term goals. It strives to cultivate a mutually beneficial and trusting relationship with its suppliers so that they are able to deliver services of the highest standard in an efficient manner.

Relationship with Customers

The Group holds a deep commitment to building and nurturing customer relationships in achieving both immediate and long-term goals. It recognizes that the satisfaction of its customers is of utmost importance and, therefore, endeavors to foster positive and mutually beneficial connections with its customers. By upholding stringent quality control measures, the Group aims to facilitate the delivery of exceptional products of superior quality and compliant with relevant regulations and industry standards to customers in the most efficient manner as possible.

Further details are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

FINANCIAL SUMMARY

A summary of the consolidated operating results and the assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out in the section headed "Five-Year Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

SUBSIDIARIES

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2024 and details of the Shares issued for the year ended December 31, 2024 are set out in Note 30 to the consolidated financial statements.

DEBENTURE ISSUED

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

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreements were entered into by the Group for the year ended December 31, 2024.

DIVIDENDS

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

PERMITTED INDEMNITY

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

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

DISTRIBUTABLE RESERVES

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

As of December 31, 2024, the Company's reserves available for distribution from share premium less accumulated losses, calculated in accordance with the provisions of the Companies Act, amounted to approximately RMB752.7 million (2023: RMB1,579.7 million).

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2024 are set out in the section headed "Consolidated Statement of Changes in Equity" and Note 41 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans of the Group as at December 31, 2024 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 26 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with the Company on September 26, 2021. The initial term of the service contracts shall commence from the date of his appointment and continue for a period of three years after or until the third annual general meeting of the Company from the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years, until otherwise terminated.

Dr. WANG Xiaodong, being a non-executive Director, has entered into an appointment letter with our Company on September 26, 2021. The initial term for the appointment letter shall commence from the date of appointment and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years, until otherwise terminated.

Dr. Donna Marie AMBROSINO and Dr. Ralf Leo CLEMENS, each being a non-executive Director, entered into an appointment letter with the Company on June 17, 2022. The initial term for the appointment letter shall commence from the date of his/her appointment and continue for a period of three years.

Each of our independent non-executive Directors has entered into an appointment letter with the Company on September 26, 2021. The initial term for the appointment letters shall commence from the date of his appointment and continue for a period of three years after or until the third annual general meeting of the Company since the Listing Date, whichever is earlier, and shall be automatically renewed for successive periods of three years, until otherwise terminated.

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

None of the Directors has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had any interest in any business which competes with or is likely to compete with the businesses of the Group for the year ended December 31, 2024.

MANAGEMENT CONTRACTS

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

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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

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

Name of Director or Chief Executive	Nature of Interest	Number of Shares/ Underlying Shares Held (Long position)	Approximate Percentage of Shareholding Interest[6]
Dr. LIANG Peng	Beneficial owner	209,871,665	16.18%
	Beneficial owner[1]	2,449,259	0.19%
	Interest of a party to an agreement[2]	20,734,895	1.60%
	Interest of a party to an agreement[3]	55,700,000	4.29%
Mr. LIANG Joshua G	Beneficial owner	20,734,895	1.60%
	Beneficial owner[4]	12,559,972	0.97%
	Interest of a party to an agreement[2]	209,871,665	16.18%
Dr. WANG Xiaodong	Beneficial owner[5]	995,625	0.08%
	Beneficial owner	28,404,875	2.19%
Dr. WU Xiaobin	Beneficial owner[5]	995,625	0.08%
	Beneficial owner	404,875	0.03%
Mr. LIAO Xiang	Beneficial owner[5]	995,625	0.08%
	Beneficial owner	404,875	0.03%
Mr. Jeffrey FARROW	Beneficial owner[5]	995,625	0.08%
	Beneficial owner	404,875	0.03%
Mr. Thomas LEGGETT	Beneficial owner[5]	995,625	0.08%
	Beneficial owner	404,875	0.03%
Dr. Ralf Leo CLEMENS	Beneficial owner[5]	1,076,863	0.08%
	Beneficial owner	840,608	0.06%
Dr. Donna Marie AMBROSINO	Beneficial owner[5]	1,018,028	0.08%
	Beneficial owner	192,268	0.01%

Notes:

1. Referring to the Shares underlying the RSUs and options granted to Dr. Liang under the RSU Scheme and the Post-IPO Share Option as of December 31, 2024.

2. Pursuant to the Acting-in-concert Deed, Dr. Liang and Mr. Joshua Liang agreed to act in concert by aligning their votes at Shareholders' meetings of the Company. Therefore, they were deemed to be jointly interested in the aggregate number of Shares held by each other.

3. Pursuant to the voting proxy agreements entered into on March 16, 2021 by each of Dr. WANG Xiaodong, Mr. ZHU Jianwei, Mr. JIANG Pu and Mr. PING Zheng (the "**Grantors**") and Dr. Liang, respectively, each of the Grantors granted the voting right of the then Shares of the Company held by them to Dr. Liang. Therefore, Dr. Liang was deemed to be interested in the then Shares of the Company held by the Grantors under the SFO.

4. Referring to the Shares underlying the RSUs and options granted to Mr. Joshua Liang under the RSU Scheme and the Post-IPO Share Option as of December 31, 2024.

5. Referring to the Shares underlying the RSUs and options granted to each of these Directors under the RSU Scheme and Post-IPO Share Option as of December 31, 2024.

6. Calculated based on 1,297,057,929 total issued Shares of these Company as of December 31, 2024.

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

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

As of December 31, 2024, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company or any other members of the Group:

Long Positions in the Shares of the Company

Name of Substantial Shareholder	Nature of Interest	Shares/Underlying Shares Held as of December 31, 2024	
		Number of Shares	Approximate Percentage[4]
JNRY[1]	Beneficial owner	91,217,442	7.03%
AUT-XXI[1]	Beneficial owner	66,375,987	5.12%
Shanghai Tianhe[2]	Beneficial owner	69,999,500	5.40%
Ms. Wang Shibi[2]	Interest in controlled corporation	90,589,500	6.98%
Lapam Fund IV[3]	Beneficial owner	49,213,878	3.79%
Lapam Fund III[3]	Beneficial owner	35,152,768	2.71%

Notes:

(1) AUT-XXI HK Holdings Limited ("**AUT-XXI**") is wholly owned by AUT-XXI Holdings Limited ("**AUT Holding**"). The sole shareholder of AUT Holding is HH IMV Holdings, L.P. ("**HH IMV**"). The sole limited partner of HH IMV is Hillhouse Fund IV, L.P. ("**Hillhouse Fund**"), which is managed and controlled by Hillhouse Investment Management, Ltd. ("**Hillhouse Investment**"). Therefore, each of AUT Holding, HH IMV, Hillhouse Fund, and Hillhouse Investment was deemed to be interested in the Shares held by AUT-XXI under the SFO.

JNRY V Holdings Limited ("**JNRY**") is ultimately managed and controlled by Hillhouse Investment. Therefore, Hillhouse Investment was deemed to be interested in the Shares held by JNRY under the SFO.

(2) Chengdu Tianhe Conventional Chinese and Medicine Technology Nurture Co., Ltd. (成都天河中西醫科技保育有限公司) ("**Chengdu Tianhe**") is a limited partner and holds 99% of the equity interest in Shanghai Tianhe Shengtai Enterprise Management Partnership (Limited Partnership) (上海天合生泰企業管理合夥企業(有限合夥)) ("**Shanghai Tianhe**"). Chengdu Tianhe was controlled by Ms. WANG Shibi and Ms. CHENG Xinxin, Ms. WANG Shibi's daughter, as to 42% and 58% of the equity interests, respectively. Chengdu Hejisheng Health Technology Co., Ltd. (成都和濟生健康科技有限公司) ("**Chengdu Hejisheng**") is the general partner of Shanghai Tianhe. Chengdu Hejisheng is wholly controlled by Chengdu Biaohui Testing Technology Co., Ltd. (成都標匯檢測技術有限公司) ("**Chengdu Biaohui**"). Chengdu Biaohui is wholly controlled by Chengdu Tianhe. Therefore, each of Chengdu Tianhe, Chengdu Hejisheng, Chengdu Biaohui, Ms. WANG Shibi and Ms. CHENG Xinxin was deemed to be interested in the Shares in which Shanghai Tianhe was interested under the SFO.

Sichuan Tianhe Biomedicine Venture Capital Fund Partnership Enterprise (Limited Partnership) (四川天河生物醫藥產業創業投資基金合夥企業(有限合夥)) ("**Sichuan Tianhe**"), which was beneficially interested in 30,660,000 Shares as of December 31, 2024, is managed by its general partner, Chengdu Ronghui Datong Equity Investment Fund Management Co., Limited (成都融匯大通股權投資基金管理有限公司) ("**Ronghui Datong**"). Ronghui Datong was controlled by Chengdu Tianhe which held 70% equity interests in Ronghui Datong. Therefore, each of Ronghui Datong, Chengdu Tianhe, Ms. WANG Shibi and Ms. CHENG Xinxin was deemed to be interested in the Shares in which Sichuan Tianhe was interested under the SFO.

(3) Beijing Lapam Healthcare Investment Center (Limited Partnership) (北京龍磐健康醫療投資中心(有限合夥)) ("**Lapam Fund III**") is a limited partnership established under the laws of the PRC. The general partner of Lapam Fund III is Tibet Lapam Yijing Chuangye Investment Center (Limited Partnership) (西藏龍磐怡景創業投資中心(有限合夥)) ("**Tibet Yijing**"), which is in turn managed by its general partner, Beijing Lapam Investment Management Consulting Center (General Partnership) (北京龍磐投資管理諮詢中心(普通合夥)) ("**Lapam Investment**"). The general partner of Lapam Investment is Mr. YU Zhihua (余治華). The single largest limited partner of Lapam Investment is Tibet Lapam Management Consulting Center (Limited Partnership) (西藏龍磐管理諮詢中心(有限合夥)) ("**Tibet Lapam Consulting**") which is controlled by Mr. YU Zhihua. Hangzhou Yuhang Lapam Healthcare Equity Investment Fund Partnership Enterprise (Limited Partnership) (杭州余杭龍磐健康醫療股權投資基金合夥企業(有限合夥)) ("**Lapam Fund IV**"), is a limited partnership established under the laws of the PRC. The general partner of Lapam Fund IV is Tibet Lapam Consulting that is controlled by Mr. YU Zhihua. The single largest limited partner of Lapam Fund IV is National Council for Social Security Fund (全國社會保障基金理事會), which is controlled by the State Council of China.

(4) Calculated based on 1,297,057,929 total issued Shares of the Company as of December 31, 2024.

Save as disclosed above, as of December 31, 2024, so far as the Directors are aware, no person, other than the Directors or chief executive of the Company whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

PRE-IPO SHARE OPTION PLAN

The Pre-IPO Share Option Plan was approved and adopted by the resolutions of the Board and the Shareholders dated April 15, 2021.

The following is a summary of the principal terms of the Pre-IPO Share Option Plan.

(a) Purpose of the Pre-IPO Share Option Plan

The purpose of the Pre-IPO Share Option Plan is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

(b) Who May Join

Eligible participants include:

(i) any full-time employees of the Group or any of the company in which the Company or any subsidiary has any equity interest (the "**Invested Entity**");

(ii) any non-executive directors of the Group or any of the Invested Entities but excluding any independent non-executive directors;

(iii) consultants and advisors, provided that such consultants and advisors render bona fide services and that such services are not in connection with the offer and sale of securities in a capital-raising transaction; and

(iv) general partners.

The options under this Pre-IPO Share Option Plan can be granted to any company wholly owned by one or more eligible participants, or any discretionary trust where any eligible participant is a discretionary object.

(c) Maximum Number of Shares Available for Subscription

The maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Plan is 25,947,096 Shares (the "**Plan Limit**"). Option lapsed and/or canceled in accordance with the terms of this plan shall not be counted for the purpose of calculating the Plan Limit, and the number of Shares in respect of which options may be granted under this plan shall be increased by the same number of options lapsed and/or canceled.

Under the Pre-IPO Share Option Plan, there is no specific limit on the maximum number of options which may be granted to a single Eligible participant.

No options under the Pre-IPO Share Option Plan shall be granted after the Listing Date.

(d) Exercise Price

The exercise price in relation to each option offered to an eligible participant shall, subject to the adjustments as a result of capital restructuring in accordance with the Prospectus, be a price that is set out in the offer notice representing not less than the par value of a Share.

(e) Duration of the Pre-IPO Share Option Plan

The Pre-IPO Share Option Plan shall be valid and effective for a period commencing on the date of its adoption and ending immediately prior to the Listing Date (both dates inclusive). No further options shall be granted under this plan after the Listing Date but the provisions of this Plan shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of this plan and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this plan.

(f) Outstanding Options

No options under the Pre-IPO Share Option Plan were granted after the Listing Date. The exercise period of the options granted is ten years commencing from the date upon which the options are deemed to be granted and accepted pursuant to the terms of the Pre-IPO Share Option Plan. The table below shows details of the outstanding share options granted to all grantees under the Pre-IPO Share Option Plan as of December 31, 2024.

Name	Date of Grant	Exercise Price	Number of Shares underlying the outstanding options as of January 1, 2024	Number of options granted during the Reporting Period	Exercise Date	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period	Number of options canceled during the Reporting Period	Number of Shares underlying the outstanding options as of December 31, 2024	Approximate percentage of the Shares underlying the outstanding options[2]	Weighted average closing price of the Shares immediately before the dates on which the options exercised
Mr. JIANG Yuting (江宇霆)[1]	August 6, 2021	USD 0.001	4,000	–	September 19,2024	1,500	–	–	2,500	0.0002%	HKD0.22
Employees	Between April 18, 2021 to October 11, 2021	USD 0.001	2,906,013	–	Between January 9, 2024 and October 23, 2024	766,696	306,000	–	1,833,317	0.14%	HKD0.54
Total			2,910,013	-		768,196	306,000	-	1,835,817	0.14%	HKD0.54

Notes:

(1) Mr. JIANG Yuting is the nephew of Dr. Liang, our executive Director, and therefore a connected person.

(2) Calculated based on 1,297,057,929 total issued Shares of the Company as of December 31, 2024.

As of the Latest Practicable Date, a total of 1,826,317 shares may be issued under the Pre-IPO Share Option Plan, representing 0.14% of the total issued shares of the Company.

Further details of the Pre-IPO Share Option Plan are set out in the Prospectus.

RSU SCHEME

The RSU Scheme was approved and adopted by the resolutions of the Board and the Shareholders dated April 15, 2021 and amended on September 26, 2021, and is subject to certain applicable requirements under Chapter 17 of the Listing Rules. As disclosed in the announcement of the Company dated April 2, 2024, the RSU Scheme will be funded solely by the existing Shares and will not be funded by any new Shares.

(a) Purpose of the RSU Scheme

The purpose of the RSU Scheme is to enable the Company to grant RSUs to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

(b) Who May Join

Eligible participants (the "**Eligible Participants**") means any person belonging to any of the following classes of persons:

(i) Any full-time employees of the Group or any of the company in which the Company or any subsidiary has any equity interest (the "**Invested Entity**");

(ii) any non-executive Directors of the Group or any of the Invested Entities;

(iii) consultants and advisors, provided that such consultants and advisors render bona fide services and that such services are not in connection with the offer and sale of securities in a capital-raising transaction; and

(iv) general partners.

The RSUs under this Scheme can be granted to any company wholly owned by one or more Eligible Participants, or any discretionary trust where any Eligible Participant is a discretionary object.

(c) Maximum Number of Underlying Shares

Pursuant to the RSU Scheme, the overall limit on the number of underlying Shares to be granted under the RSU Scheme is 77,350,000 Shares, which represents approximately 5.96% of the total issued share capital of the Company as of the Latest Practicable Date (i.e. 1,297,062,429 shares). As of the Latest Practicable Date, the number of Shares available for issue under the RSU Scheme was nil as all Shares underlying the RSUs granted and to be granted under the RSU Scheme have been allotted and issued to the trustee of the RSU Scheme before the Listing Date.

Under the RSU Scheme, there is no specific limit on the maximum number of RSUs which may be granted to a single Eligible participant.

(d) Awards

A grant shall be made to an Eligible Participant by a letter and/or any such notice or document in such form as the Board may from time to time determine (the "**Notice of Grant**") and such grant shall be subject to the terms as specified in this Scheme and the Notice of Grant shall be substantially in the form set out in the RSU Scheme. The Eligible Participant shall undertake to hold the award on the terms on which it is granted and be bound by the provisions of this Scheme and the terms set forth in the Notice of Grant. Such award shall remain open for acceptance by the Eligible Participant to whom a grant is made for a period to be determined by the Board, provided that no such grant shall be open for acceptance after the expiry of the Term or after this Scheme has been terminated in accordance with the provisions hereof. To the extent that the award is not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

If the Eligible Participant accepts the offer of grant of RSUs, he/she is required to sign a acceptance notice (the "**Acceptance Notice**") and return it to the Company within the period specified and in a manner prescribed in the Notice of Grant. Upon the receipt from the Eligible Participant of a duly executed Acceptance Notice, the RSUs are granted to such Eligible Participant, who becomes a grantee in this Scheme.

The Board shall, after any RSUs have been granted and duly accepted by the Eligible Participant(s), inform the trustee (the "**Trustee**") of the name(s) of the Eligible Participant(s), the number of RSUs and the number of underlying Shares that can be acquired by each Eligible Participant upon exercise of the RSUs granted to each such Eligible Participant, the vesting schedule of RSUs (if any) and other terms and conditions (if any) that RSUs are subject to as determined by the Board. The RSUs will be granted to the Eligible Participant(s) at nil consideration.

(e) Vesting Period

Unless otherwise provided hereof, the RSUs granted under this Scheme shall be vested to grantees in the manner set forth in the Notice of Grant (unless otherwise agreed by the Board in writing, in no event can any RSU granted be vested earlier than the day after the first half-year anniversary of the Listing Date).

Upon fulfillment or waiver of the vesting period and vesting conditions (if any) applicable to each of the grantees, a vesting notice (the "**Vesting Notice**") will be sent to the grantee by the Board confirming (a) the extent to which the vesting period and vesting conditions (if any) have been fulfilled or waived and, (b) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the grantee will receive.

RSUs held by a grantee that are vested as evidenced by the Vesting Notice may be exercised (in whole or in part) by the grantee serving an exercise notice (the "**Exercise Notice**") in writing on the Trustee and copied to the Company. Any exercise of RSUs must be in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof (except where the number of Shares underlying the RSUs which remains unexercised is less than one board lot). In an Exercise Notice, the grantee shall, subject to the paragraph below, request the Trustee to, and the Board shall direct and procure the Trustee to within five (5) Business Days, transfer the Shares underlying the RSUs exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the grantee which the Company has allotted and issued to the Trustee as fully paid up Shares or which the Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any Shareholder of the Company, subject to the grantee paying all tax, stamp duty, levies and charges applicable to such transfer to the Trustee or as the Trustee directs.

The grantee acknowledges that, at least three months in advance of the vesting of any installment of the RSUs held by him, the Company will instruct the Trustee to, promptly after such RSUs vest, sell certain number of Shares (being in a board lot or an integral multiple thereof except where the number of Shares underlying the RSUs which remains unexercised is less than one board lot) underlying such RSUs and Shares that have been vested but not yet transferred by the Trustee to him on the open market following the trading method designated by the grantee.

(f) Duration of the RSU Scheme

The RSU Scheme shall be valid and effective commencing on the date of passing the resolutions of the Board and the Shareholders and shall remain in effect for a period of 10 years from such date which may be refreshed from time to time in the sole discretion of the Board (the "**Term**"), after which period no further awards will be granted, but the provisions of this Scheme shall in all other respects remain in full force and effect and awards that are granted during the Term may continue to be exercisable in accordance with their terms of issue. The RSU Scheme was approved and adopted by the resolutions of the Board and the Shareholders dated April 15, 2021 and amended on September 26, 2021. Accordingly, the remaining life of the RSU Scheme is approximately 6.4 years as of the Latest Practicable Date.

(g) Outstanding RSUs

As of December 31, 2024, 50 grantees were granted with RSUs with a total of 12,006,282 underlying Shares under the RSU Scheme. The table below shows the details of the outstanding RSUs granted to all grantees under the RSU Scheme as of December 31, 2024.

Name	Position	Date of Grant	Vesting Period	Number of Shares underlying the outstanding RSUs as of January 1, 2024	Number of RSUs granted during the Reporting Period	Vesting Date	Number of RSUs vested during the Reporting Period	Number of RSUs lapsed during the Reporting Period	Number of RSUs canceled during the Reporting Period	Number of Shares underlying the outstanding RSUs as of December 31, 2024	Approximate percentage of the Shares underlying the outstanding RSUs[1]	Weighted average closing price of the Shares immediately before the dates on which the RSUs vested
Directors												
Mr. LIANG Joshua G	Executive Director and chief executive officer	April 18, 2021	Note (2) and Note (12)	1,364,944	–	Between January 15, 2024 and October 15, 2024	909,972	–	–	454,972	0.04%	HKD0.39
		April 2, 2024	Note (15)	–	3,074,000	–	–	–	–	3,074,000	0.24%	N/A
Dr. LIANG Peng	Executive Director and chief scientific officer	April 18, 2021	Note (2) and Note (12)	780,003	–	Between January 15, 2024 and October 15, 2024	519,960	–	–	260,043	0.02%	HKD0.39
		March 31, 2022	Note (3) and Note (12)	93,092	–	Between March 31, 2024 and December 31, 2024	41,376	–	–	51,716	0.004%	HKD0.33
		April 2, 2024	Note (15)	–	1,145,000	–	–	–	–	1,145,000	0.09%	N/A
Dr. WANG Xiaodong	Non-executive Director	October 11, 2021	Note (4)	208,250	–	September 26, 2024	104,125	–	–	104,125	0.01%	HKD0.25
		April 11, 2023	Note (5)	49,000	–	April 1, 2024	49,000	–	–	–	0.00%	HKD0.41
		April 2, 2024	Note (16)	–	49,000	–	–	–	–	49,000	0.004%	N/A
Dr. WU Xiaobin	Independent non-executive Director	October 11, 2021	Note (4)	208,250	–	September 26, 2024	104,125	–	–	104,125	0.01%	HKD0.25
		April 11, 2023	Note (5)	49,000	–	April 1, 2024	49,000	–	–	–	0.00%	HKD0.41
		April 2, 2024	Note (16)	–	49,000	–	–	–	–	49,000	0.004%	N/A
Mr. LIAO Xiang	Independent non-executive Director	October 11, 2021	Note (4)	208,250	–	September 26, 2024	104,125	–	–	104,125	0.01%	HKD0.25
		April 11, 2023	Note (5)	49,000	–	April 1, 2024	49,000	–	–	–	0.00%	HKD0.41
		April 2, 2024	Note (16)	–	49,000	–	–	–	–	49,000	0.004%	N/A

Name	Position	Date of Grant	Vesting Period	Number of Shares underlying the outstanding RSUs as of January 1, 2024	Number of RSUs granted during the Reporting Period	Vesting Date	Number of RSUs vested during the Reporting Period	Number of RSUs lapsed during the Reporting Period	Number of RSUs canceled during the Reporting Period	Number of Shares underlying the outstanding RSUs as of December 31, 2024	Approximate percentage of the Shares underlying the outstanding RSUs[1]	Weighted average closing price of the Shares immediately before the dates on which the RSUs vested
Mr. Jeffrey FARROW	Independent non-executive Director	October 11, 2021	Note (4)	208,250	–	September 26, 2024	104,125	–	–	104,125	0.01%	HKD0.25
		April 11, 2023	Note (5)	49,000	–	April 1, 2024	49,000	–	–	–	0.00%	HKD0.41
		April 2, 2024	Note (16)	–	49,000	–	–	–	–	49,000	0.004%	N/A
Mr.Thomas LEGGETT	Independent non-executive Director	October 11, 2021	Note (4)	208,250	–	September 26, 2024	104,125	–	–	104,125	0.01%	HKD0.25
		April 11, 2023	Note (5)	49,000	–	April 1, 2024	49,000	–	–	–	0.00%	HKD0.41
		April 2, 2024	Note (16)	–	49,000	–	–	–	–	49,000	0.004%	N/A
Dr. Ralf Leo CLEMENS	Non-executive Director	April 18, 2021	Note (3)	277,347	–	Between January 15, 2024 and December 15, 2024	207,984	–	–	69,363	0.01%	HKD0.36
		July 19, 2022	Note (6)	43,500	–	June 15, 2024	14,500	–	–	29,000	0.002%	HKD0.38
		April 11, 2023	Note (5)	49,000	–	April 1, 2024	49,000	–	–	–	0.00%	HKD0.41
		April 2, 2024	Note (16)	–	49,000	–	–	–	–	49,000	0.004%	N/A
Dr. Donna Marie AMBROSINO	Non-executive Director	April 18, 2021	Note (3)	41,692	–	Between January 15, 2024 and December 15, 2024	31,164	–	–	10,528	0.001%	HKD0.36
		July 19, 2022	Note (6)	43,500	–	June 15, 2024	14,500	–	–	29,000	0.002%	HKD0.38
		April 11, 2023	Note (5)	49,000	–	April 1, 2024	49,000	–	–	–	0.00%	HKD0.41
		April 2, 2024	Note (16)	–	49,000	–	–	–	–	49,000	0.004%	N/A
5 highest paid individuals (excluding Directors)		Between April 18, 2021 and April 11, 2023	Note (3), Note (7), Note (8), Note (9) or Note (19)	2,155,912	269,000	Between January 1, 2024 and December 1, 2024	891,057	–	–	1,533,855	0.12%	HKD0.37
Other grantees (including employees (excluding Directors) and consultants and advisors)		Between April 18, 2021 and Oct 11, 2021	Note (2), Note (3) or Note (19)	2,357,705	–	Between April 18, 2024 and October 11, 2024	1,480,808	669,242	–	207,655	0.02%	HKD0.39
		Between May 12, 2022 and April 11, 2023	Note (7), Note (8), Note (9) or Note (19)	4,924,119	–	Between January 1, 2024 and June 12, 2024	1,567,966	1,283,628	–	2,072,525	0.16%	HKD0.38
		April 2, 2024	Note (17), Note (18)	–	2,268,000	–	–	63,000	–	2,205,000	0.17%	N/A
Total				13,466,064	7,099,000[11]		6,542,912	2,015,870	–	12,006,282	0.93%	HKD0.37

Notes:

(1) Calculated based on 1,297,057,929 total issued Shares of the Company as of December 31, 2024.

(2) 25% of the RSU granted will vest on the 1st anniversary of the vesting commencement date as contemplated in the notice of grant, and one-forty-eighth (1/48th) of the RSU granted shall vest upon each month after that during a 36-month term. In addition, all the RSU shall only be vested subject to the satisfaction of listing-based condition on the date after the first half year anniversary of the Listing Date.

(3) 100% of the RSUs granted shall vest evenly on a monthly basis within four years from the vesting commencement date as contemplated in the notice of grant, in addition, all the RSU shall only be vested subject to the satisfaction of listing-based condition on the date after the first half-year anniversary of the Listing Date.

(4) 25% of the RSU granted will vest on the 1st anniversary of the vesting commencement date as contemplated in the notice of grant, and 25% of the RSU granted shall vest upon each anniversary after that during a three-year term. In addition, all the RSUs shall only be vested subject to the satisfaction of listing-based condition on the date after the first half-year anniversary of the Listing Date.

(5) Subject to both a service condition (100% of the RSUs will vest on the first anniversary of April 1, 2023) and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).

(6) Twenty-five percent (25%) of the RSUs granted shall vest on June 15, 2023 and the rest of the RSUs granted will vest yearly thereafter.

(7) Pursuant to the relevant notice of grant issued to each grantee, the RSUs granted are subject to either of the following vesting schedules: (i) one-forty-eighth (1/48th) of the RSUs granted shall vest on monthly basis with one-year cliff, which means the first 25% will vest on the first anniversary of the first Business Day of the grantee's onboarding month, and the remaining 75% of RSUs granted will vest on monthly basis thereafter; or (ii) one-forty-eighth (1/48th) of the RSUs granted shall vest on monthly basis starting from the date of grant.

(8) Pursuant to the relevant notice of grant issued to each grantee, the RSUs granted are subject to either of the following vesting schedules: (i) twenty-five percent (25%) of the RSUs granted shall vest on the first anniversary of the first day of the grantee's onboarding month and the rest of the RSUs granted will vest monthly in three years thereafter equally; or (ii) twenty-five percent (25%) of the RSUs granted shall vest on December 1, 2023 and the rest of the RSUs granted will vest monthly in three years thereafter equally.

(9) Subject to both a service condition (twenty-five percent (25%) of the RSUs will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the RSUs will vest in six equal installments on a semi-annual basis thereafter) and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).

(10) The vesting of the RSUs granted to the RSU grantees will be subject to both the group level performance targets and the individual annual and/or semi-annual performance targets as stipulated in the respective grant letter issued by the Company to each of the RSU grantees. For the group level performance, the Board and management of the Company will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as progress of R&D programs and pipeline, product commercialization performance and the Company's financial conditions. For the individual level performance, the Group has established a standard performance appraisal system for the Directors, senior management and employees to evaluate their performance and contribution to the Group. The Company will determine whether the RSU grantees meet the individual performance targets based on their performance appraisal results for the relevant vesting period. The RSUs will only be vested if the RSU grantees pass their respective performance evaluation in the annual and/or semi-annual assessment (as the case may be) for the corresponding vesting period.

(11) The closing price of the Shares immediately before the date of grant on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022, April 11, 2023 and April 2, 2024 was HK$6.99, HK$3.11, HK$3.62, HK$3.5, HK$1.65 and HK$0.41, respectively. The fair values per RSU granted under the RSU Scheme on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022, April 11, 2023 and April 2, 2024 were HK$6.9, HK$2.82, HK$3.64, HK$3.24, HK$1.82 and HK$0.40, respectively, which were measured based on the closing price of the Shares at the respective date of grant. The weighted average closing price of the Shares immediately before the dates on which the RSUs were vested during the Reporting Period was HK$0.37. As for the accounting standard and policy adopted, please refer to Note 2.4 and Note 31 to the consolidated financial statements.

(12) On December 16, 2022, the Board resolved to amend the vesting schedule so that the unvested RSUs as of January 31, 2023 shall vest quarterly thereafter equally.

(13) On May 30, 2023, the Board was informed by Dr. Liang and Mr. Joshua Liang that after due and careful considerations, each of Dr. Liang and Mr. Joshua Liang decided not to accept the RSUs granted in the year of 2023.

(14) During the Reporting Period, save as disclosed above, no RSUs were granted to consultants and advisors and general partners.

(15) Mr. Joshua G LIANG, Dr. Peng LIANG and RSU Grantees other than non-executive Directors and independent non-executive Directors: twenty-five percent (25%) of the RSUs will vest on the first anniversary of the Grant Date, and the rest RSUs will vest in three equal installments on an annual basis thereafter, to be satisfied over a four-year term and a performance condition (both the group level performance targets and the individual annual performance targets shall be satisfied).

(16) 100% of the RSUs will vest on the first anniversary of the Grant Date, to be satisfied over a one-year term and a performance condition (both the group level performance targets and the individual annual performance targets shall be satisfied).

(17) Subject to both a service condition (twenty-five percent (25%) of the RSUs will vest on the first anniversary of April 2, 2024, and the remaining seventy-five percent (75%) of the RSUs will vest in three equal installments on an annual basis thereafter) and a performance condition (both the group level performance targets and the individual annual performance targets shall be satisfied).

(18) Due to personal reason, one consultant rejected the RSU grant of 106,000 shares, which was not included in the April 2, 2024 grant.

(19) Due to the adjustment of the candidates for the 5 highest paid individuals, there are the changes respectively in the beginning of the reporting period for adjustment.

The number of RSUs available for grant under the RSU Scheme at the beginning and the end of the Reporting Period are 33,400,606 and 28,317,476 respectively.

POST-IPO SHARE OPTION PLAN

The Post-IPO Share Option Plan was approved and adopted by the resolutions of the Board and the Shareholders dated September 26, 2021, and is subject to the requirements under Chapter 17 of the Listing Rules.

The following is a summary of principal terms of the Post-IPO Share Option Plan.

(a) Purpose of the Post-IPO Share Option Plan

The purpose of the Post-IPO Share Option Plan is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

(b) Who May Join

Eligible participants include:

(i) any full-time employees of the Group or any of the company in which the Company or any subsidiary has any equity interest (the "**Invested Entity**");

(ii) any non-executive directors of the Group or any of the Invested Entities;

(iii) consultants and advisors, provided that such consultants and advisors render bona fide services and that such services are not in connection with the offer and sale of securities in a capital-raising transaction; and

(iv) general partners.

The options under this Post-IPO Share Option Plan can be granted to any company wholly owned by one or more eligible participants, or any discretionary trust where any eligible participant is a discretionary object.

(c) Maximum Number of Shares Available for Subscription

At the time of adoption by the Company of the Post-IPO Share Option Plan or any new share option scheme (the "**New Scheme**"), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Plan, the New Scheme and all schemes, which became effective after the Shares were listed on the Stock Exchange, existing at such time (the "**Existing Scheme(s)**") of the Company must not in aggregate exceed 10% of the total number (i.e., 115,811,472) of Shares in issue as of the date the Shares commence trading on the Stock Exchange (i.e., 1,158,114,723) or the date of adoption of the New Scheme (as the case may be) (the "**Scheme Mandate Limit**"). As of the date of the Latest Practicable Date, 115,751,136 Shares are available for issue under the Post-IPO Share Option Plan (i.e. Shares underlying (i) options available for grant and (ii) outstanding options under the Post-IPO Share Option Plan), representing approximately 8.92% of the total number of Shares in issue as of the Latest Practicable Date. For the purposes of calculating the Scheme Mandate Limit, Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted.

(d) Maximum Entitlement of Each Eligible Participant

No option shall be granted to any eligible participants (the "**Relevant Eligible Participants**") if, at the relevant time of grant, the total number of Shares issued and to be issued upon exercise of all options and options under any other share option schemes of the Company (including those options granted and proposed to be granted, whether exercised, canceled or outstanding) to the Relevant Eligible Participants in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time, within any 12-month period unless approved by the Shareholders in accordance with the Listing Rules.

(e) Option Period

Option period (a period within which an option may be exercised) is to be determined and notified by the Board to each grantee during which the option may be exercised, which period shall expire in any event not later than last day of 10-year period after the date of grant of the option (subject to provisions for early termination contained in the Post-IPO Share Option Plan).

(f) Exercise Price

The price at which each Share subject to an option may be subscribed for on the exercise of that option (the "**Subscription Price**") shall be a price solely determined by the Board and notified to an eligible participant and shall be at least the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a Business Day;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and

(iii) the nominal value of the Shares.

(g) Vesting

The Board may in its absolute discretion specify such conditions as it thinks fit when making an offer to an Eligible Participant (including as to performance criteria and vesting period).

(h) Duration of the Post-IPO Share Option Plan

The Post-IPO Share Option Plan shall be valid and effective for a period of 10 years commencing on the date on which it is adopted by ordinary resolution of the Shareholders in general meeting which is September 26, 2021, after which period, no further options shall be granted. Accordingly, the remaining life of the Post-IPO Share Option Plan is approximately 6.4 years as of the Latest Practicable Date. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the Post-IPO Share Option Plan shall remain in full force and effect.

(i) Outstanding Options

As of December 31, 2024, 120 grantees were granted with outstanding options with a total of 29,805,413 underlying Shares under the Post-IPO Share Option Plan. The table below shows details of the outstanding Share options granted to all grantees under the Post-IPO Share Option Plan as of December 31, 2024.

Name	Date of Grant	Exercise Price[1]	Vesting Period[2]	Number of Shares underlying the outstanding options as of January 1, 2024	Number of options granted during the Reporting Period	Exercise Date	Number of options exercised during the Reporting Period	Number of options lapsed during the Reporting Period	Number of options canceled during the Reporting Period	Number of Shares underlying the outstanding options as of December 31, 2024	Approximate percentage of the Shares underlying the outstanding option[3]	Weighted average closing price of the Shares immediately before the dates on which the Options exercised
Directors												
Mr. LIANG Joshua G	March 31, 2022	HKD7.30	Note (4)	9,031,000	–	–	–	–	–	9,031,000	0.70%	–
Dr. LIANG Peng	March 31, 2022	HKD7.30	Note (4)	992,500	–	–	–	–	–	992,500	0.08%	–
Dr. WANG Xiaodong	March 31, 2022	HKD7.30	Note (5)	260,500	–	–	–	–	–	260,500	0.02%	–
	April 11, 2023	HKD1.82	Note (7)	291,000	–	–	–	–	–	291,000	0.02%	–
	April 2, 2024	HKD0.432	Note (13)	–	291,000	–	–	–	–	291,000	0.02%	–
Dr. WU Xiaobin	March 31, 2022	HKD7.30	Note (5)	260,500	–	–	–	–	–	260,500	0.02%	–
	April 11, 2023	HKD1.82	Note (7)	291,000	–	–	–	–	–	291,000	0.02%	–
	April 2, 2024	HKD0.432	Note (13)	–	291,000	–	–	–	–	291,000	0.02%	–
Mr. LIAO Xiang	March 31, 2022	HKD7.30	Note (5)	260,500	–	–	–	–	–	260,500	0.02%	–
	April 11, 2023	HKD1.82	Note (7)	291,000	–	–	–	–	–	291,000	0.02%	–
	April 2, 2024	HKD0.432	Note (13)	–	291,000	–	–	–	–	291,000	0.02%	–
Mr. Jeffrey FARROW	March 31, 2022	HKD7.30	Note (5)	260,500	–	–	–	–	–	260,500	0.02%	–
	April 11, 2023	HKD1.82	Note (7)	291,000	–	–	–	–	–	291,000	0.02%	–
	April 2, 2024	HKD0.432	Note (13)	–	291,000	–	–	–	–	291,000	0.02%	–
Mr. Thomas LEGGETT	March 31, 2022	HKD7.30	Note (5)	260,500	–	–	–	–	–	260,500	0.02%	–
	April 11, 2023	HKD1.82	Note (7)	291,000	–	–	–	–	–	291,000	0.02%	–
	April 2, 2024	HKD0.432	Note (13)	–	291,000	–	–	–	–	291,000	0.02%	–
Dr. Ralf Leo CLEMENS	July 19, 2022	HKD3.894	Note (6)	347,500	–	–	–	–	–	347,500	0.03%	–
	April 11, 2023	HKD1.82	Note (7)	291,000	–	–	–	–	–	291,000	0.02%	–
	April 2, 2024	HKD0.432	Note (13)	–	291,000	–	–	–	–	291,000	0.02%	–
Dr. Donna Marie AMBROSINO	July 19, 2022	HKD3.894	Note (6)	347,500	–	–	–	–	–	347,500	0.03%	–
	April 11, 2023	HKD1.82	Note (7)	291,000	–	–	–	–	–	291,000	0.02%	–
	April 2, 2024	HKD0.432	Note (13)	–	291,000	–	–	–	–	291,000	0.02%	–
Employees (excluding Directors)	May 12, 2022	HKD4.116	Note (8)	12,603,925	–	–	–	10,035,455	–	2,568,470	0.20%	–
	December 15, 2022	HKD3.83	Note (9)	3,687,370	–	–	–	1,797,990	–	1,889,380	0.15%	–
	April 11, 2023	HKD1.82	Note (10)	11,231,000	–	–	–	7,995,437	–	3,235,563	0.25%	–
	April 2, 2024	HKD0.432	Note (14)	–	7,426,000	–	–	1,409,000	–	6,017,000	0.46%	–
Total				41,580,295	9,463,000	–	–	21,237,882	–	29,805,413	2.30%	–

Notes:

(1) The closing price of the Shares immediately before the date of grant on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022, April 11, 2023 and April 2, 2024 was HK$6.99, HK$3.11, HK$3.62, HK$3.5, HK$1.65 and HK$0.41, respectively. The fair values per option granted under the Post-IPO Share Option Plan on March 31, 2022, May 12, 2022, July 19, 2022, December 15, 2022, April 11, 2023 and April 2, 2024 were HK$4.15, HK$1.24, HK$2.23, HK$1.60, HK$0.99 and HK$0.22, respectively. As for the accounting standard and policy adopted, please refer to Note 2.4 and Note 31 to the consolidated financial statements.

(2) The validity period is 10 years from the date of grant.

(3) Calculated based on 1,297,057,929 total issued Shares of the Company as of December 31, 2024.

(4) 100% of the options granted shall become exercisable evenly on a monthly basis within four years from the date of grant provided that the first few tranches of options to become exercisable during the date of grant to May 5, 2022 (being the first half-year anniversary of the Listing Date) shall become exercisable in one go in May 2022.

(5) 100% of the options granted shall vest on the first anniversary of the date of grant.

(6) Twenty-five percent (25%) of the options granted shall vest on June 15, 2023 and the rest of the options granted will vest yearly thereafter.

(7) Subject to both a service condition (100% of the options will vest on the first anniversary of April 1, 2023) and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).

(8) Pursuant to the relevant offer letter issued to each grantee, the options granted are subject to either of the following vesting schedules: (i) one-forty-eighth (1/48th) of the options granted shall vest on monthly basis with one-year cliff, which means the first 25% will vest on the first anniversary of the first Business Day of the grantee's onboarding month, and the remaining 75% of options granted will vest on monthly basis thereafter; or (ii) one-forty-eighth (1/48th) of the options granted shall vest on monthly basis starting from the date of grant.

(9) Pursuant to the relevant offer or award letter issued to each grantee, the options granted are subject to either of the following vesting schedules: (i) twenty-five percent (25%) of the options granted shall vest on the first anniversary of the first day of the option grantee's onboarding month and the rest of the options granted will vest monthly in three years thereafter equally; or (ii) twenty-five percent (25%) of the options granted shall vest on December 1, 2023 and the rest of the options granted will vest monthly in three years thereafter equally.

(10) Subject to both a service condition (twenty-five percent (25%) will vest on the first anniversary of April 1, 2023, and the remaining seventy-five percent (75%) of the options will vest in six equal installments on a semi-annual basis thereafter) and a performance condition (both the group level performance targets and the individual annual and/or semi-annual performance targets shall be satisfied).

(11) The vesting of the options granted to the option grantees will be subject to both the group level performance targets and the individual annual and/or semi-annual performance targets as stipulated in the respective grant letter issued by the Company to each of the option grantees. For Group level performance, the Board and management of the Company will assess the performance of the Group for the relevant year, including in particular key performance indicators, such as progress of R&D programs and pipeline, product commercialization performance and the Company's financial conditions. For individual level performance, the Group has established a standard performance appraisal system for the Directors, senior management and employees to evaluate their performance and contribution to the Group. The Company will determine whether the option grantees meet the individual performance targets based on their performance appraisal results for the relevant vesting period. The options will only be vested if the option grantees pass their respective performance evaluation in the annual and/or semi-annual assessment (as the case may be) for the corresponding vesting period.

(12) On May 30, 2023, the Board was informed by Dr. Liang and Mr. Joshua Liang that after due and careful considerations, each of Dr. Liang and Mr. Joshua Liang decided not to accept the options granted in the year of 2023.

(13) 100% of the Options will vest on the first anniversary of the Grant Date, to be satisfied over a one-year term and a performance condition (both the group level performance targets and the individual annual performance targets shall be satisfied).

(14) Subject to both a service condition (twenty-five percent (25%) will vest on the first anniversary of April 2, 2024, and the remaining seventy-five percent (75%) of the options will vest in 3 equal installments on an annual basis thereafter) and a performance condition (both the group level performance targets and the individual annual performance targets shall be satisfied).

The total number of options available for grant under the Post-IPO Share Option Plan at the beginning and the end of the Reporting Period is 74,170,841 and 85,945,723, respectively.

The number of Shares that may be issued in respect of options and awards granted under all Share schemes of the Company during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is 0.75%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position, performance and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee. The Directors and the senior management personnel are eligible participants of the Pre-IPO Share Option Plan, the RSU Scheme and the Post-IPO Share Option Plan.

Details of the remuneration of the Directors, management and the five highest paid individuals are set out in Note 10 and Note 11, respectively, to the consolidated financial statements.

Except for Mr. Joshua Liang has agreed to waive the cash-based compensation for the year 2024, 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.

For the year ended December 31, 2024, the Directors were not granted discretionary bonuses.

CONNECTED TRANSACTIONS

Details on related party transactions for the year ended December 31, 2024 are set out in Note 36 to the consolidated financial statements. The related party transactions disclosed in Note 36 to the consolidated financial statements do not fall under the definition of "connected transaction" or "continuing connected transaction" pursuant to Chapter 14A of the Listing Rules. The Company had complied with the disclosure requirements set out in Chapter 14A of the Listing Rules. The following transaction constitutes the continuing connected transaction for the Company and is required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules.

Non-exempt Continuing Connected Transaction

License Agreement

Principal Terms

Pursuant to the license agreement entered into between GenHunter, being the licensor, and Sichuan Clover, being the licensee, dated October 14, 2019 (the "**License Agreement**"), GenHunter agreed to grant to Sichuan Clover, and Sichuan Clover agreed to accept, worldwide (the "**Territory**") and in the field (the "**Field**") of all biological drug products and research & development applications an exclusive license under relevant patents and patent applications, trademarks, and copyrights related to Trimer-Tag technology platform (together the "**GenHunter IP Rights**") to develop, manufacture and commercialize drug products (including the right to grant sublicense subject to GenHunter's approval). In consideration, Sichuan Clover agreed to pay GenHunter (i) a royalty of 2% on net sales of drug products (the "**Products**") developed by the Group using the GenHunter IP Rights (the "**Net Sales Royalty**") and (ii) a royalty of 20% of sublicense income (the "**Sublicense Income Royalty**"). GenHunter is a connected person to the Company because it is wholly owned by Dr. Liang, our executive Director. Therefore, the transaction under the License Agreement constitutes continuing connected transaction under Chapter 14A of the Listing Rules.

Reasons for and Benefits of the Transaction

As disclosed in the section headed "Business – Licensing and Collaboration Arrangements – License Agreement with GenHunter" in the Prospectus, GenHunter and Sichuan Clover entered into the License Agreement to ensure that the GenHunter IP Rights could be fully utilized by Sichuan Clover in development, manufacture and commercialization of the Products. As a result of the License Agreement, our Group held all of the relevant intellectual property rights to carry out our principal businesses and GenHunter would be able to benefit from the potential Net Sales Royalty and Sublicense Income Royalty generated thereunder. Therefore, our role and the role of GenHunter are complementary and beneficial to each other.

The Group has followed the pricing policies and payment terms, as disclosed in the announcement published by the Company on December 28, 2023, of the continuing connected transaction conducted during the year.

Annual Review and Confirmation by the Auditor of the Company

There was no Net Sales Royalty or Sublicense Income Royalty incurred for the year ended December 31, 2024. Therefore, the auditor of the Group has not reported on the above continuing connected transactions pursuant to Rule 14A.56 of the Listing Rules.

Annual Review by the Independent Non-executive Directors

The independent non-executive Directors have confirmed that the above continuing connected transaction: (i) has been entered into, and will be carried out, in the ordinary and usual course of business of our Group, on normal commercial terms or better and, according to the License Agreement, on terms that are fair and reasonable and are in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps in formula are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

For further details of the License Agreement, please refer to the section headed "Connected Transactions" in the Prospectus.

Save as disclosed above, for the year ended December 31, 2024, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and any of the Single Largest Group of Shareholders or subsidiaries for the year ended December 31, 2024.

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 (including sale of treasury shares (as defined in the Listing Rules)) of the Company for the year ended December 31, 2024.

As at December 31, 2024, the Company did not hold any treasury shares (as defined in the Listing Rules).

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Stock Exchange on November 5, 2021. The net proceeds from the Global Offering amounted to approximately HKD1,884.3 million (equivalent to approximately RMB1,549.0 million).

Reference is made to the announcement of the Company dated August 23, 2023 in relation to the change in use of proceeds from the Global Offering. In order to navigate the current macroeconomic environment and focus on programs that will bring long-term value, on August 22, 2023, the Board has resolved to change the intended use of the unutilized net proceeds from the Global Offering of approximately RMB415.2 million in total as of August 22, 2023.

As of December 31, 2024, approximately RMB1,472.7 million, accounting for 95.1% of the net proceeds from the Global Offering had been utilized in accordance with the use as stated in the section headed "Future Plans and Use of Proceeds" in the Prospectus or the use after the change approved on August 22, 2023 (see below).

The utilization of the net proceeds from the Global Offering during the year ended December 31, 2024 and the expected timeline for utilization are as follows:

Use of proceeds after the change	Revised percentage of unutilized net proceeds approved on August 22, 2023	Revised allocation of unutilized net proceeds approved on August 22, 2023	Unutilized net proceeds as of December 31, 2023	Actual usage during the year ended December 31, 2024	Unutilized net proceeds as of December 31, 2024	Expected timeline of full utilization of the unused net proceeds
		RMB million	*RMB million*	*RMB million*	*RMB million*	
For the preclinical development and clinical trials of RSV vaccine candidate, SCB-1019	55.0%	228.4	174.9	133.7	41.2	By December 2025
For the R&D of other product candidates, including ≥ 1 mid-to late-stage in-licensed vaccines	22.5%	93.4	75.2	40.1	35.1	By December 2025
For the R&D and regulatory submission for updated version of COVID-19 vaccine including the XBB.1.5 variant	12.5%	51.9	–	–	–	Completed
For working capital and other general corporate purposes	10.0%	41.5	–	–	–	Completed
Total	**100.0%**	**415.2**	**250.1**	**173.8**	**76.3**	

Notes:

1. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of R&D and market conditions, which has been updated to December 2025. This adjustment is attributed to cost savings from R&D expenses, driven by ongoing organizational optimization.

2. The net proceeds were received in HKD and translated to RMB for application planning. As of the date of this report, the unused net proceeds were deposited with certain licensed banks in Hong Kong and the PRC.

USE OF NET PROCEEDS FROM THE PLACING

References are made to the Company's announcements dated December 6, 2022 and December 13, 2022 in relation to the Placing. On December 6, 2022, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent agreed to act as agent of the Company to procure subscribers, on a best effort basis, to subscribe for a total of 128,000,000 Placing Shares at the Placing Price upon the terms and subject to the conditions set out in the Placing Agreement. The Placing was completed on December 13, 2022. The net proceeds from the Placing (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) are approximately HKD500.5 million (equivalent to RMB449.0 million).

Reference is made to the announcement of the Company dated August 23, 2023 in relation to the change in use of proceeds from the Placing. In order to expand commercialization capabilities to support the commercialization of the Company's respiratory vaccine products including seasonal influenza and COVID-19 vaccines, on August 22, 2023, the Board has resolved to change the intended use of the unutilized net proceed from the Placing of approximately RMB69.4 million in total as of August 22, 2023.

As of December 31, 2024, approximately RMB426.5 million, accounting for 95.0% of the net proceeds from the Placing had been utilized in accordance with the use as stated in the Placing Agreement or the use after change approved on August 22, 2023.

Set out below is the utilization of the net proceeds from the Placing for the year ended December 31, 2024 and the expected timeline for utilization:

Use of proceeds after the change	Revised percentage of unutilized net proceeds approved on August 22, 2023	Revised allocation of net proceeds approved on August 22, 2023 *RMB million*	Unutilized net proceeds as of December 31, 2023 *RMB million*	Actual usage during the year ended December 31, 2024 *RMB million*	Unutilized net proceeds as of December 31, 2024 *RMB million*	Expected timeline of full utilization of the unused net proceeds
For expanding commercialization capabilities to support the commercialization of respiratory vaccine products including seasonal influenza and COVID-19 vaccine	100.0%	69.4	50.5	28.0	22.5	By December 2025
Total	100.0%	69.4	50.5	28.0	22.5	

Notes:

1. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of regulatory approval, commercialization, post-marketing R&D and market conditions made by the Company, which has been updated to December 2025. This adjustment is attributed to cost savings from selling and distribution expenses, driven by ongoing organizational optimization.

2. The net proceeds were received in HKD and translated to RMB for application planning. As of the date of this report, the unused net proceeds were deposited with certain licensed banks in Hong Kong.

PUBLIC FLOAT

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

AUDITOR

The Company's Shares were listed on the Stock Exchange on November 5, 2021, and there has been no change in auditor since the Listing Date. The consolidated financial statements of the Group as of December 31, 2024 have been audited by Ernst & Young.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Grant of RSUs and Share Options

On January 20, 2025, the Company granted an aggregate of 6,204,500 RSUs to Mr. Joshua G LIANG pursuant to the RSU Scheme. For further details, please refer to the announcement of the Company dated January 20, 2025.

On April 2, 2025, the Company granted an aggregate of 9,016,500 RSUs to 35 RSU grantees pursuant to the RSU Scheme, among which a total of 8,065,500 RSUs were granted to nine Directors and on the same date, the Company also granted an aggregate of 5,964,000 options to 64 option grantees pursuant to the Post-IPO Share Option Plan, among which a total of 2,037,000 options were granted to seven Directors. For further details, please refer to the announcement of the Company dated April 2, 2025.

Save as disclosed above and disclose in note 40 to the consolidated financial statements, no important events affecting the Company occurred since the Reporting Period and up to the Latest Practicable Date.

By Order of the Board
Clover Biopharmaceuticals, Ltd.
Dr. Peng LIANG
Chairman of the Board

Shanghai, PRC, April 17, 2025

CORPORATE GOVERNANCE REPORT

The Board presents this corporate governance report in the Group's annual report for the year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices. The Company regularly reviews its compliance with the Corporate Governance Code and the Board believes that the Company was in compliance with the applicable code provisions of the Corporate Governance Code for the year ended December 31, 2024.

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

The Company has complied with the Corporate Governance Code throughout the year ended December 31, 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code for the year ended December 31, 2024.

The Company has also established a policy on unpublished price-sensitive information (the "**Inside Information**") to comply with its obligations under the SFO and the Listing Rules. In case the Company becomes aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

The Company's relevant employees, who are likely to be in possession of Inside Information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company for the year ended December 31, 2024.

CORPORATE CULTURE

The Group treasures its employees as the most valuable assets fueling the Group's sustainable long-term growth and is committed to creating a safe, open and mutually trustworthy corporate culture for employees to thrive.

During 2024, the Company continued to strengthen its cultural framework by focusing on the following:

- Vision: Unleashing the power of innovative vaccines to save lives and improve health around the world.

- Mission: Harness transformative science and global partnerships to bring innovative vaccines to populations worldwide. The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company invites external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

BOARD OF DIRECTORS

The Board currently comprises two executive Directors, three non-executive Directors and four independent non-executive Directors.

The composition of the Board as of December 31, 2024 is as follows:

Executive Directors:

Dr. LIANG Peng *(Chairman of the Board)*
Mr. LIANG Joshua G *(Chief Executive Officer)*

Non-executive Directors:

Dr. WANG Xiaodong
Dr. Donna Marie AMBROSINO
Dr. Ralf Leo CLEMENS

Independent Non-executive Directors:

Dr. WU Xiaobin
Mr. LIAO Xiang
Mr. Jeffrey FARROW
Mr. Thomas LEGGETT

The biographical details of the Directors are set out in the section headed "Profiles of Directors and Management" of this annual report.

Save that Dr. LIANG Peng is the father of Mr. LIANG Joshua G, there are no other relationships (including financial, business, family or other material relationships) among the members of the Board.

Board Meetings and Attendance Record of Directors

Code provision C.5.1 of Part 2 of the Corporate Governance Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

Apart from regular Board meetings, the Chairman should hold meetings with the independent non-executive Directors without the presence of other Directors each year.

Four Board meetings and one shareholder meeting were held during the Reporting Period. Our Company expects to comply with code provision C.5.1 of Part 2 of the Corporate Governance Code by convening at least four regular Board meetings in each financial year at approximately quarterly intervals. The attendance of the individual Directors at these meetings is set out below:

Name of Directors	Number of attendance/meetings held during the term of office of the Director	
	Board Meeting	Annual General Meeting
Dr. LIANG Peng	4/4	1/1
Mr. LIANG Joshua G	4/4	1/1
Dr. WANG Xiaodong	4/4	0/1
Dr. WU Xiaobin	4/4	1/1
Mr. LIAO Xiang	4/4	1/1
Mr. Jeffrey FARROW	4/4	0/1
Mr. Thomas LEGGETT	4/4	1/1
Dr. Donna Marie AMBROSINO	4/4	0/1
Dr. Ralf Leo CLEMENS	4/4	0/1

Independent Non-executive Directors

For the year ended December 31, 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 at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his 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 Independence

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and independent views. The current composition of the Board comprising more than one third of the independent non-executive Directors and the members of the Audit Committee are all independent non-executive Directors exceeds the independence requirements under the Listing Rules. The remuneration of independent non-executive Directors is subject to regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

Appointment, Re-election and Removal of Directors

Each of the executive Directors entered into a service contract with the Company on September 26, 2021. The initial term of their respective service agreements commenced from September 26, 2021 and will continue for a period of three years or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, and subject always to re-election as and when required under the Articles of Association and the Corporate Governance Code, until terminated in accordance with the terms and conditions of the service agreement.

Dr. WANG Xiaodong, being a non-executive Director, has entered into an appointment letter with our Company on September 26, 2021. The initial term for his appointment letter commenced from September 26, 2021 and will continue for a period of three years or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, subject always to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter.

Dr. Donna Marie AMBROSINO and Dr. Ralf Leo CLEMENS, each being the non-executive Director, has entered into an appointment letter with our Company on June 17, 2022. The initial term for their respective appointment letters commenced from June 17, 2022 and will continue for a period of three years, until terminated in accordance with the terms and conditions of the appointment letter.

Each of our independent non-executive Directors has entered into an appointment letter with our Company on September 26, 2021. The initial term for their respective appointment letters commenced from September 26, 2021 and will continue for a period of three years or until the third annual general meeting of the Company since the Listing Date, whichever is sooner, subject always to re-election as and when required under the Articles of Association, until terminated in accordance with the terms and conditions of the appointment letter.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or appointment letter with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

In accordance with the Articles of Association and the Corporate Governance Code, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for election by Shareholders at the first general meeting of the Company after appointment.

The Nomination Committee is responsible for reviewing the Board composition, identifying and recommending individuals suitably qualified to become Board members, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors. The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board.

The Nomination Committee takes the policy on Board diversity of the Company into consideration when it considers the balance of composition of the Board as a whole.

The Company has established a director nomination policy. When evaluating and determining the candidates of Directors, the Nomination Committee and the Board of Directors shall consider the following factors: personal characters; professional qualifications, skills, knowledge, and experience related to the Group's business and strategy; willingness to devote sufficient time to fulfilling the duties of the Directors and members of the special committees of the Board; whether their appointment is in compliance with the requirements of the Listing Rules (including the independence requirements of independent non-executive Directors); and whether their appointment is in compliance with the Company's Board Diversity Policy and any measurable targets adopted by the Nomination Committee to diversify the members of the Board.

Responsibilities of the Directors

The Board is responsible for making all major decisions of the Company including the approval and monitoring of all major policies of the Group and overall strategies, internal control and risk management systems, notifiable and connected transactions, nomination of the Directors and Joint Company Secretaries, and other significant financial and operational matters.

All of the Directors have full and timely access to all relevant information as well as the advice and services of the Joint Company Secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval must be obtained from the Board before any significant transaction is entered into.

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.

Board Diversity Policy

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the Board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the Board Diversity Policy, we seek to achieve the diversity of the Board through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the management levels. In particular, Dr. Donna Marie AMBROSINO, our non-executive Director responsible for providing guidance and advice on the corporate and business strategies of our Group, and certain other employees of management team are women, and form an important part of our Board and management team. We will continue to ensure that at least one Board member is of a different gender, and to ensure there is gender diversity when recruiting staff at mid to senior levels, so our management pipeline includes multiple genders and thus a diverse set of potential successors to our Board in due time. Our Group will continue to emphasize training of talented employees from underrepresented gender and provide them with long-term development opportunities. Among the 300 employees of our Group as at December 31, 2024, 132 are males (44%) and 168 are females (56%). The Board believes that the Company has achieved gender diversity among its employees and has not adopted any plan or measurable target for gender diversity as of the Latest Practicable Date and is not aware of any factors or circumstances that would make it more challenging or less relevant for the Group to achieve gender diversity among its employees.

As of the Latest Practicable Date, the Company had a total of nine Directors. They have a balanced mix of knowledge and skills, including in biochemistry, pharmaceuticals, business development, R&D, investment management and corporate finance. They obtained degrees in various majors including, among others biology, pharmaceuticals, economics and business development. We have four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee has been monitoring the implementation of the Board Diversity Policy and reviewing the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

Directors' and Officers' Liabilities Insurance

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

Continuous Professional Development of Directors

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

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

During the Reporting Period, the Directors, namely Dr. Liang, Mr. Joshua Liang, Dr. WANG Xiaodong, Dr. Donna Marie AMBROSINO, Dr. Ralf Leo CLEMENS, Dr. WU Xiaobin, Mr. LIAO Xiang, Mr. Jeffrey FARROW, Mr. Thomas LEGGETT, were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. 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 relevant training courses at the Company's expenses.

The Joint Company Secretaries of the Company may from time to time and, as the circumstances required, provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange. During the year, each of the Directors studied these training materials. The Company has received confirmation from all Directors of their respective training records for the year ended 31 December 2024.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities 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.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has established the Audit Committee and has formulated its written terms of reference, which will from time to time be modified, in accordance with the prevailing provisions of the Corporate Governance Code.

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Thomas LEGGETT, Mr. Jeffrey FARROW and Mr. LIAO Xiang, Mr. Thomas LEGGETT is the chairman of the Audit Committee. Mr. Jeffrey FARROW is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Group's annual results for the year ended December 31, 2024 have been reviewed by the Audit Committee and the annual results have also been audited by the independent auditor of the Company, Ernst & Young. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Company during the Reporting Period.

The Audit Committee held two meetings during the Reporting Period. The attendance of the meeting by the Audit Committee members is set out in the table below:

Name of Directors	Number of attendance/ meetings held during the term of office of the Audit Committee member
Mr. Thomas LEGGETT	2/2
Mr. LIAO Xiang	2/2
Mr. Jeffrey FARROW	2/2

On March 31, 2025, the Audit Committee held another meeting and reviewed (i) the audited consolidated financial statements for the Reporting Period of the Group; (ii) a draft of this annual report; (iii) the accounting principles and policies for the Reporting Period; (iv) the internal control and risk management system of the Group; (v) the effectiveness of the Company's internal audit function; and (vi) the Audit Committee's performance of its other duties under the Corporate Governance Code in the presence of the representatives from Ernst & Young and the Company's management. The Audit Committee concluded that the internal control systems and risk management of the Group are effective and adequate.

Remuneration Committee

We have established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management, and approve the terms of the service contracts of executive Directors.

The Remuneration Committee comprises two independent non-executive Directors, namely Dr. WU Xiaobin and Mr. LIAO Xiang, and one non-executive Director, namely Dr. WANG Xiaodong. Dr. WU Xiaobin is the chairman of the Remuneration Committee. The Remuneration Committee has (i) reviewed policy and structure for the remuneration of the Directors and senior management of the Company by reference to the individual performance; (ii) reviewed the remuneration proposal of the Directors and senior management of the Company for the year ended December 31, 2024; (iii) made recommendations to the Board on the remuneration packages of individual Directors and senior management pursuant to code provision E.1.2 (c)(ii) of Part 2 of the Corporate Governance Code during the Reporting Period; and (iv) considered and made recommendation to the Board in respect of the grant of (1) options pursuant to the Post-IPO Share Option Plan and (2) RSUs pursuant to the RSU Scheme. For further details of such grant of options and RSUs, please refer to section headed "RSU Scheme" and "Post-IPO Share Option Plan" under the "Report of the Directors" in this annual report.

The Remuneration Committee held two meetings during the Reporting Period. The attendance of the meeting by the Remuneration Committee members is set out in the table below:

Name of Directors	Number of attendance/ meetings held during the term of office of the Remuneration Committee member
Dr. WU Xiaobin	2/2
Dr. WANG Xiaodong	2/2
Mr. LIAO Xiang	2/2

For the policy of the remuneration of the Directors, please refer to the section headed "Emolument Policy and Directors' Remuneration" under the "Report of the Directors" in this annual report.

Nomination Committee

We have established the Nomination Committee in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises one executive Director, namely Dr. Liang, and two independent non-executive Directors, namely Mr. Thomas LEGGETT and Dr. WU Xiaobin. Dr. Liang is the chairman of the Nomination Committee.

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, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience, etc. 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 character, qualifications, experience, independence (for appointment of independent non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board.

The Nomination Committee held one meeting during the Reporting Period. The attendance of the meeting by the Nomination Committee members is set out in the table below:

Name of Directors	Number of attendance/ meetings held during the term of office of the Nomination Committee member
Dr. LIANG Peng	1/1
Dr. WU Xiaobin	1/1
Mr. Thomas LEGGETT	1/1

Policy on Director Nomination

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Subject to the provisions of the Articles of Association and the Companies Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Pursuant to Article 16.6 of the Articles of Association, the Company may by ordinary resolution at any time remove any Director (including a managing Director or other executive Directors) before the expiration of his term of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.

Nomination Committee's Role and its Selection Process and Criteria

The Nomination Committee shall review the information and documents provided by the nominated candidate and conduct the following process (in accordance with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a Director before making recommendations to the Board:

1. to assess such candidate's qualifications, skills, knowledge, ability and experience and also potential time commitment and attention to perform director's duties under common law, legislation and applicable rules, regulations and guidance (including without limitation the Listing Rules and the "Guidance for Boards and Directors" published by the Stock Exchange (the "**Guidance for Boards**")), with reference to the corresponding professional knowledge and industry experience which may be relevant to the Company and also the potential contributions that such candidate could bring to the Board (including potential contributions in terms of qualifications, skills, experience, independence and gender diversity);

2. in addition and without prejudice to Paragraph 1 above, to assess such candidate's personal ethics, integrity and reputation (including without limitation to conduct appropriate background checks and other verification processes against such candidate);

3. with reference to the Company's Board Diversity Policy (as adopted and amended by the Board from time to time), to take into account the then current structure, size and composition (including without limitation the balancing of the age, gender, cultural and educational background, professional and industry experience, skills and knowledge, and diversity of perspectives appropriate to the requirements of the Company's business) of the Board and the Company's strategy, with due regard for the benefits of the appropriate diversity of the Board and also such candidate's potential contributions thereto;

4. to consider board succession planning considerations and the long-term needs of the Company;

5. in case of a candidate for an independent non-executive Director of the Company, to assess: (i) the independence of such candidate with reference to, among other things, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the guidance and requirements relating to independent non-executive directors set out in code provision B.3.4 of Part 2 of the Corporate Governance Code and in the Guidance for Boards; and

6. to consider any other factors and matters as the Nomination Committee may consider appropriate.

Board's Decision

The Board shall consider the recommendations from the Nomination Committee and make a decision as to whether the nominated candidate shall be eligible to be appointed as a Director.

Corporate Governance Function

The Board is responsible for determining the corporate governance policy of the Company performing the functions set out in code provision A.2.1 of Part 2 of the Corporate Governance Code. Such duties have been delegated to the Audit Committee.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the Corporate Governance Code, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report during the Reporting Period.

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

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Board adopted an anti-bribery and anti-corruption policy (the "**Anti-bribery and Anti-corruption Policy**") in September 2021. To ensure the legal compliance of business activities and daily operations, the Board adopted the Anti-Bribery and Anti-Corruption policy in accordance with related laws, regulations and industry codes. This policy clarifies the Company's compliance requirements and standards in prohibiting bribery and corruption, effectively contributing to the achievement of the goal of building a clean enterprise.

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy (the "**Whistleblowing Policy**") in August 2021. To encourage employees to report violations or potential violations of internal policies (e.g. the Code of Conduct) or laws and regulations, the Board adopted the Reporting Concerns and Responding to Allegations procedure, which provides guidance on how to report concerns and how to respond. In addition, the Company's standard reporting procedure ensures that all reports can be effectively assessed, investigated and addressed in a timely way. The procedure also requires that full records shall be maintained for traceability.

DIVIDEND POLICY

The Company has never declared or paid regular cash dividends on its ordinary Shares. The Company currently expects to retain all future earnings for use in the operation and expansion of the business and does not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Companies Act. The declaration and payment of any dividends in the future will be determined by the Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman counsel, under the Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in this annual report, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness at least annually. 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 Board conducts annual review on its risk management and internal control system.

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 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 set up an internal audit function to conduct internal control on certain significant areas of the Group. The internal audit function, reporting to the chief executive officer of the Company, Mr. Joshua Liang, provides independent assurance as to the existence and effectiveness of the risk management activities and internal controls in the operations of the Group's business.

The dedicated internal control function assists the Board and Audit Committee on the implementation and monitoring of the internal control policies, procedures and the risk management mechanism.

Risk Management

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

The following key principles outline the Group's approach to risk management the Company plans to implement:

- The senior management oversees and manages the overall risks associated with the Company's business operations, including (i) reviewing and approving the Company's risk management policy to ensure that it is consistent with its corporate objectives; (ii) monitoring the most significant risks associated with the Company's business operations and its management's handling of such risks; and (iii) ensuring the appropriate application of the risk management framework across the Group;

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

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

Internal Control

The Board is responsible for establishing the Company's internal control system and reviewing its effectiveness. During the Reporting Period, the Company has regularly reviewed and enhanced its internal control system. Below is a summary of the internal control policies, measures, and procedures the Company has implemented or plan to implement:

- The Company has established Management Authority Limit, which has been integrated into the operational systems and off-line processes, as the basis and guidance for the requesting and approving on all major business operations.

- The Company has adopted various measures and procedures regarding each aspect of its business operation, such as procurement process, related party transaction, risk management, protection of intellectual property, environmental protection and occupational health and safety.

- For any material internal control defects, the management will identify the internal control deficiencies, review the control activities and procedures and amend the necessary internal policy and procedures, if necessary. It will be reported to the Board and the Audit Committee, at least annually.

- The Company provides various training programs to keep the employees updated on relevant laws, regulations, and policies. The Company's new employees are required to attend compliance training programs soon after on-boarding, and must pass tests which examine their understanding of the compliance issues addressed by the training programs. The Company's employees are also required to regularly attend on-site and online training sessions to keep them informed of recent updates in the relevant laws and regulations.

- The Directors (who are responsible for monitoring the corporate governance of the Group), with help from the Company's legal advisers, periodically review the Company's compliance status with all relevant laws and regulations.

- The Company has established the Audit Committee which (i) makes recommendations to the Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect to financial reporting as well as oversees internal control procedures of the Group.

- The Company maintains strict anti-bribery & anti-corruption policies and believes it will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company is required to disclose inside information as soon as reasonably practicable in accordance with the SFO and the Listing Rules. We would conduct its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission. It is strictly prohibited to use inside or confidential information without proper authorization. The Company ensures, through its own internal reporting processes and the consideration of their outcome by senior management, the appropriate handling and dissemination of inside information.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls during the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Ernst & Young, Certified Public Accountants and Registered Public Interest Entity Auditor, as the external auditor for the year ended December 31, 2024. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report of this annual report.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Ernst & Young for the year ended December 31, 2024 are set out in the table below:

	RMB'000
Audit services	1,955
Non-audit services*(Note)*	180
Total	2,135

Note: Non-audit services are related to tax advising.

JOINT COMPANY SECRETARIES

Ms. CHAU Hing Ling of Vistra Corporate Services (HK) Limited, an external service provider, has been engaged by the Company as the Joint Company Secretary. Ms. WANG Xiaoyan, the Joint Company Secretary of the Company as well as the General Counsel, is the primary corporate contact person of the other Joint Company Secretary, Ms. CHAU Hing Ling.

For the year ended December 31, 2024, Ms. WANG Xiaoyan and Ms. CHAU Hing Ling had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings by Shareholders

Pursuant to the Articles of Association, an extraordinary general meeting (the "**EGM**") shall be called by notice in writing of not less than 14 days.

Any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Joint Company Secretaries, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong, at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the Joint Company Secretaries. The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included and the details of the business(es) proposed to be transacted at the EGM. The Requisition must be signed by the Eligible Shareholder(s) concerned.

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Joint Company Secretaries will ask the Board to convene an EGM within two (2) months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Articles of Association, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Act or the Articles of Association. However, Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an EGM following the procedures set out in the paragraph above.

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

Putting Forward Enquiries to the Board and Contact Details

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong by post or email to anita.chau@vistra.com and xiaoyan.wang_sh@cloverbiopharma.com, for the attention of the Joint Company Secretaries.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders for enhancing investor relations and investor understanding of the Group's business performance and strategies. These include (i) the publication of annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or EGM providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the Company's website and the Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

CHANGE IN CONSTITUTIONAL DOCUMENTS

On March 26, 2024, the Board proposed to amend the existing memorandum and articles of association of the Company (the "**Existing M&A**") to (i) facilitate electronic dissemination of corporate communications in accordance with the amended Listing Rules in relation to the expanded paperless listing regime which took effect on December 31, 2023; and (ii) better align the amendments of the Existing M&A for housekeeping purposes with the provisions of the Listing Rules (collectively, the "**Proposed Amendments**"). For the purposes of the Proposed Amendments, the Board also proposed to adopt the fifth amended and restated memorandum and articles of association of the Company (the "**New M&A**").

The Proposed Amendments and the proposed adoption of the New M&A have been approved by the Shareholders at the annual general meeting of the Company held on June 20, 2024.

The latest version of the memorandum and articles of association of the Company is available on the websites of the Company and the Stock Exchange.

Save as disclosed above, there was no other significant change to the constitutional documents of the Company for the year ended December 31, 2024.

INVESTOR RELATIONS

The Company keeps on promoting good investor relations and enhancing communication with the Shareholders and potential investors in order for them to better understand the Group's business performance and strategies. In line with the Shareholders' communication policy of the Company, the Company maintains an on-going dialogue with Shareholders and the investment community, in particular, through annual general meetings and other general meetings. At the annual general meeting, the Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries. The Board has considered the Shareholders' communication policy of the Company as described above and is satisfied that there are effective channels by which the Shareholders can communicate and raise concern with the Company.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Pursuant to Code Provision D.1.3, the Board draws the attentions of shareholders and other stakeholders of the Company to a situation where the directors are aware of certain material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern which has been disclosed in note 2.1 to the consolidated financial statements.

In addition to the measures taken by the Group to mitigate the liquidity pressure and to maintain the Group's cashflow situation as mentioned note 2.1 to the consolidated financial statements of the Company, the Company wishes to provide shareholders and investors of the Company with the following action plans:

In order to optimise the organizational structure and focus on the clinical development of the Company's core asset SCB-1019, the proprietary non-adjuvanted bivalent RSV vaccine candidate, the Company's operation expenses have decreased by over 50% in 2023 and 2024, respectively.

Accelerating the clinical development of SCB-1019 remains the Company's primary objective in 2025. Majority of the Group's financial resources will continue to be prioritized on SCB-1019 in 2025. The Company is determined to support and complete SCB-1019's two international clinical trials which comprise one RSV revaccination trial and one RSV-contained combination vaccine trial within the next 12 months. Positive clinical trial results should significantly broaden the Company's access to diversified international business development and financing opportunities to enhance financial sustainability.

However, the Company believes that international strategic cooperation for innovative biotech companies is fraught with variables, such as unpredictable clinical trial outcomes and regulatory uncertainties, which is inherent to the biotech industry in general. Nevertheless, the Company will remain focused on executing our planned clinical trials, with the anticipation of achieving favourable clinical results.

In 2025, the Company will implement further cost and expense control measures, which include, but are not limited to, conducting a thorough review of the current budget to identify areas of overspending and reallocating resources toward prioritized SCB-1019 projects. We will also streamline operations through workflow optimization and redundancy reduction.

Shareholders and stakeholders of the Company are advised to refer to the Independent Auditors' Report for the details of going concerns issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 ABOUT THIS REPORT

1.1 Overview

This Environmental, Social and Governance (ESG) Report (the "**ESG Report**") aims to provide transparent disclosure of the Group's efforts and achievements in ESG during the year of 2024.

1.2 Fundamental Principle of Disclosure

The ESG Report has been prepared in accordance with the "mandatory disclosure requirements", the "comply or explain" and the "climate-related disclosures" provisions under the ESG Reporting Guide (the "**ESG Guide**") contained in Appendix C2 of The Rules Governing the Listing of Securities on the Main Board on the Stock Exchange of Hong Kong Limited. The application of the reporting principles in the ESG Guide are presented below (Table 1):

Table 1. The Group's Response to ESG Reporting Principles

Reporting Principles	Definition in the ESG Guide	Responses of the Group
Materiality	The threshold at which ESG issues determined by the Board are sufficiently important to investors and other stakeholders that they should be reported. For the purposes of Section D of the ESG Guide, the issuer is required to disclose climate-related risks and opportunities that are reasonably expected to affect its short-term, medium-term, or long-term cash flows, access to financing, and cost of capital.	ESG reporting issues identified through materiality assessment and that may have significant impact on the Group's investors and other stakeholders.
Quantitative	Key performance indicators (KPIs) with respect to historical data need to be measurable. The issuer should set targets (which may be numerical figures or directional, forward-looking statements) to reduce a particular ESG impact. In this way, the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative explaining its purpose and impacts, and by comparative information where appropriate.	Whenever feasible, this ESG Report provides quantitative information, such as KPIs and their standard, methods, assumptions, calculation tool, etc. with explanations. Please refer to Appendix 1 for detailed KPIs.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	This is the fourth ESG report of the Group and adopts the same disclosure scope and reporting methods to facilitate comparisons.

1.3 Reporting Scope

As with the other sections of the Annual Report, the reporting scope of the ESG Report covers the Company and its subsidiaries, namely the offices, R&D and production areas of the Group. For environmental KPIs, the reporting scope only covers Clover Zhejiang and Clover Sichuan.

Unless otherwise stated, the ESG Report covers the period from January 1, 2024 to December 31, 2024 (the "**Reporting Period**").

1.4 Report Information

Information and data used in the ESG Report were all collected from official documents and reports, internal statistics, and public information of the Group. The Board of Directors at Clover Biopharmaceuticals, Ltd. (the "**Board**") is committed to ensuring and is responsible for transparency, accuracy and completeness of the Report with no misstatements, misrepresentations or material omissions.

2 ESG GOVERNANCE

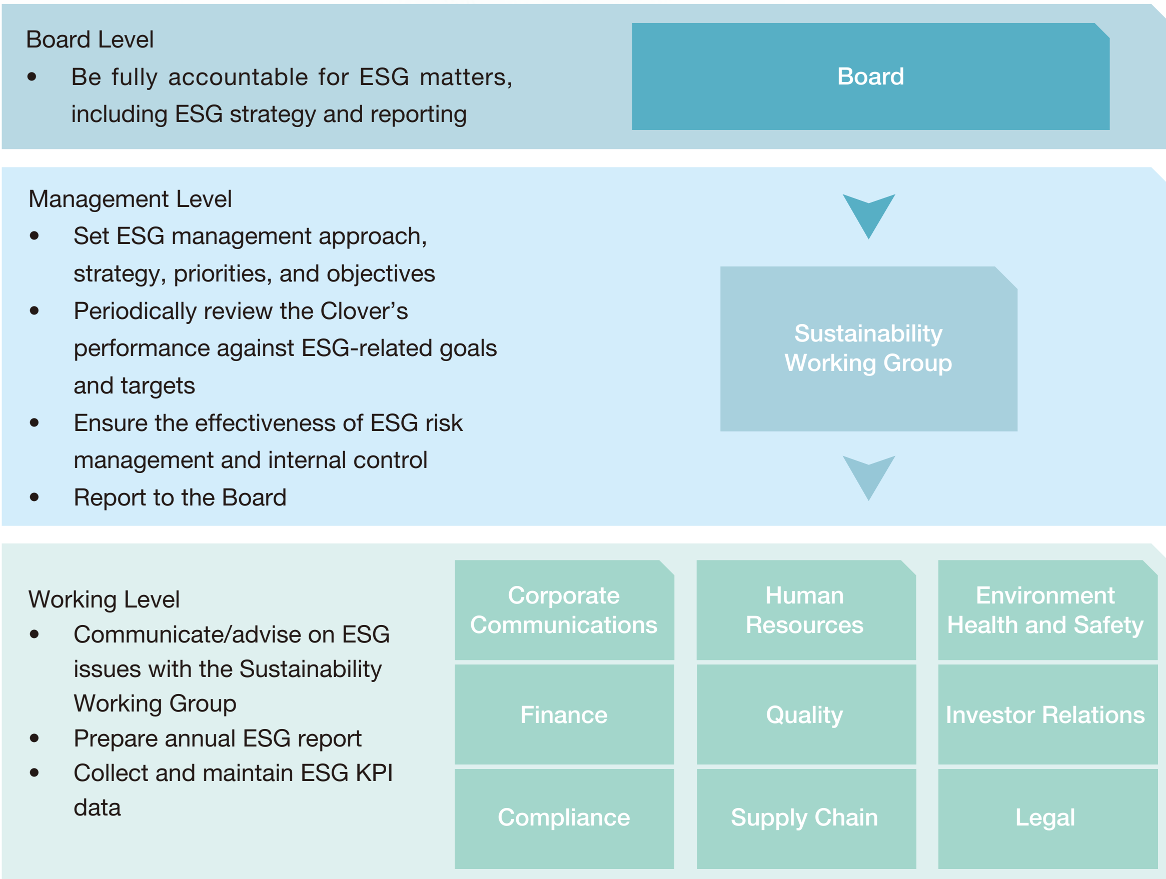
2.1 ESG Philosophy

The Group advocates for and pursues sustainable practices and dedicates to unleashing the power of innovative vaccines to save lives and improve health around the world. We take ESG principles and performance targets very seriously and strongly believe that robust ESG governance is important for the long-term sustainability of the Company's operations and development. As a result, we have integrated ESG factors into daily operations and business objectives. The Group is also committed to actively communicating with stakeholders and continuously improving the sustainability of its performance.

2.2 ESG Governance Structure

To continue improving our decision-making, management and execution of ESG-related issues, the Group relies upon the following ESG governance structure, which includes roles for the Board, Sustainability Working Group and other departments, during the Reporting Period (Figure 1).

Figure 1. The Group's ESG Governance Structure



Positioned at the highest level of governance, the Board will assume overall responsibility for the Group's ESG management and takes the responsibility of assessing and identifying ESG risks and opportunities relevant to the business, regularly reviewing the Group's performance against ESG-related objectives, and ensuring that procedures for assessing and managing ESG-related issues are well-established and efficiently executed. The Board authorizes the Sustainability Working Group to conduct ESG strategic planning, review ESG-related policy, goals and targets, and oversee ESG risk management, including by communicating with stakeholders and collaborating with external ESG experts. The Sustainability Working Group is accountable for the materiality assessment and benchmarks ESG goals against industry standards. The Sustainability Working Group may supervise and review ESG-related performance executed at the department level to ensure effective ESG management.

We have integrated key ESG issues such as climate change strategy, environmental policy, social responsibility initiatives, and corporate governance structure into the Board's agenda, ensuring continuous attention and discussion on these topics by the Board. During the Reporting Period, the Board has reviewed and approved ESG-related work, assessed the progress of ESG initiatives, and conducted detailed reviews and evaluations of significant ESG matters, effectively promoting the integration of ESG objectives with business strategies. Furthermore, the Board's attendance rate reached 100%, reflecting the Group's high level of commitment and active engagement with ESG issues. Additionally, we have incorporated the identification, assessment, and management of ESG-related risks into our comprehensive risk management system, continuously conducting systematic reviews of environmental risks, social impacts, and governance structures, as well as monitoring and formulating strategies to address these risks. Looking ahead, we will continue to focus on ESG risks and opportunities, including climate change, identifying and evaluating the impact of these factors on the Group's business, and prioritizing them accordingly.

While continuously advancing the optimization of ESG governance processes, we also actively explore ways to leverage ESG to foster the creation of long-term value for the Group, put the six of the United Nation's Sustainable Development Goals (SDGs)[1] that are most closely related to its business strategy and ESG philosophy (Figure 2) into the Group's ESG operation and management, in order to fulfill the Group's long-term ESG vision.

Figure 2. Six SDG Priorities

- Goal 3: Good Health and Well-being
- Goal 5: Gender Equality
- Goal 8: Decent Work and Economic Growth
- Goal 9: Industry, Innovation, and Infrastructure
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action

2.3 Communication with Stakeholders

2.3.1 Stakeholder Identification and Engagement

The Group understands how important the support of all stakeholders is to its sustainable development. The Group values its communication with stakeholders, actively seeks to understand their ESG concerns and expectations, and provides timely feedback to them. The Group gathers opinions from key stakeholders through diversified communication channels and responds to their most important concerns. During the Reporting Period, in alignment with our development strategy, the Group actively engaged in timely and comprehensive communication with global investors, shareholders, and other stakeholders regarding industry developments and the Group's R&D progress in order to enhance various stakeholders' understanding of the Group's operational status, business growth, and sustainable development management.

[1] https://sdgs.un.org/goals

Table 2. Stakeholder Identification and Engagement Plan

Key Stakeholders	Communication Channels	Issues of Concern	Responses
Investors & Shareholders	• Press release and announcement • Annual general meeting • Shareholder meeting • HKEX filings	• Sustainable investment value • Information disclosure • Corporate transparency	• Enhance operational efficiency and progress towards commercialization • Disclose important corporate information immediately • Open communication and regular reporting.
Employees	• Face-to-face communication • Training • Whistleblowing channel	• Employee training and development • Occupational health and safety • Employees' rights and interests	• Provide employee training and promotion opportunities • Create a positive, healthy and people-oriented work environment • Safeguard employees' fundamental rights
Customers	• Information disclosure • Email • Social media platforms	• Product quality and safety • Customer information and privacy protection	• Ensure product quality and safety through quality assurance departments and standard operating procedures • Safeguard customer information via stringent information technology security procedures
Government & Regulatory Institutions	• Conference • Policy consultation • Site visit	• Compliant operations • Industry development	• Implement policies and measures in accordance with laws • Participate in industry forums

Key Stakeholders	Communication Channels	Issues of Concern	Responses
Suppliers	• Email • Business meeting	• Fair and open tender process • Win-win cooperation	• Apply strict procurement procedures • Establish sustainable and trustworthy relationships with responsible suppliers
Business Partners	• Email • Conference • Business meeting	• Industry development • Business integrity	• Establish meaningful partnerships for joint development opportunities, maintain relationship with global organizations • Establish the code of ethics and adhere to ethical standards
Media	• News conference • Social media • Interview	• Transparent information disclosure • Fulfilment of corporate social responsibility	• Disclose information timely and accurately • Contribute to environmental, social, and governance aspects
Local Communities	• Social media	• Job creation • Health accessibility • Environmental sustainability • Climate change mitigation • Public welfare	• Create job opportunities • Increase product development efforts to improve global health standards • Establish Environmental, Health and Safety (EHS) Committees at applicable subsidiaries • Enhance energy efficiency and reduce greenhouse gas emissions • Donations

2.3.2 Materiality Assessment

Based on the business development outlook, the Group has continued to communicate with internal and external stakeholders. The relative materiality of ESG-related issues for FY2024, as assessed by its stakeholders, is summarized below (Figure 3, Table 3).

Figure 3. Materiality Matrix for ESG Issues

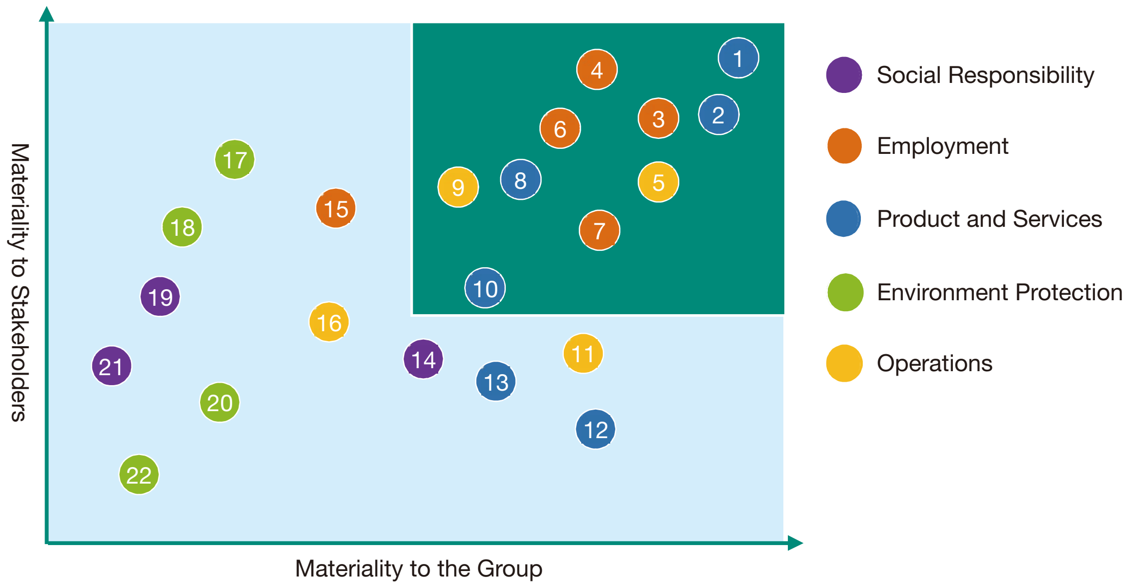


Table 3. Ranking of ESG Material Issues

Extent of Materiality	Ranking	ESG Issues	Extent of Materiality	Ranking	ESG Issues
Very Material	1	Product quality and safety	**Material**	11	Risk management
	2	Product innovation		12	Responsible marketing
	3	Occupational health and safety		13	Privacy and data protection
	4	Employee training and development		14	Health accessibility
	5	Business ethics and anti-corruption		15	Employment and retention
	6	Employee rights and interest protection		16	Supply chain management
	7	Employee benefits		17	Climate change response
	8	Intellectual property protection		18	Waste management
	9	Compliant operations		19	Promoting industry development
	10	Quality services		20	Use of resources
				21	Community welfare
				22	Greenhouse gas emission

3 PRODUCT LIABILITY

3.1 Comprehensive Quality Management

The Group is committed to providing safe and effective products to customers. It strictly abides by relevant laws and regulations. During the Reporting Period, the Group did not receive any incidents of non-compliance with relevant laws and regulations relating to the health and safety of products.

3.1.1 Quality Control and Review

The Group treats product quality as a top priority. Its Quality Manual references a series of biopharmaceutical industry standards, including but not limited to Good Manufacturing Practice, the Drug Administration Law of the PRC, the Vaccine Administration Law of the PRC, and the World Health Organization (WHO) Good Manufacturing Practices. Its Quality Control System (QMS) covers resource management, factories and facilities, manufacturing management, inventory and logistics and clearly specifies each related department's responsibilities and duties for quality control. The Group controls the product quality to the highest standard and ensures quality control processes are effectively conducted.

To further enhance product quality control and improve the performance of work, the Group established the Quality Control and Review Process that is aligned with industry standards including the (ICH) Q10 Drug Quality Management System and the European Union Good Manufacturing Practice (EU GMP). The Group launched full scope evaluations to the applicability and effectiveness of its Quality Control and Review Process to ensure that its product quality meets industry standards. The Group also prioritized the identification and control of product quality risk. By identifying, evaluating and monitoring key risks based on the Product Quality and Risk Management Framework, the Group comprehensively controls product quality risks and makes timely decisions when unexpected or unforeseen cases occur.

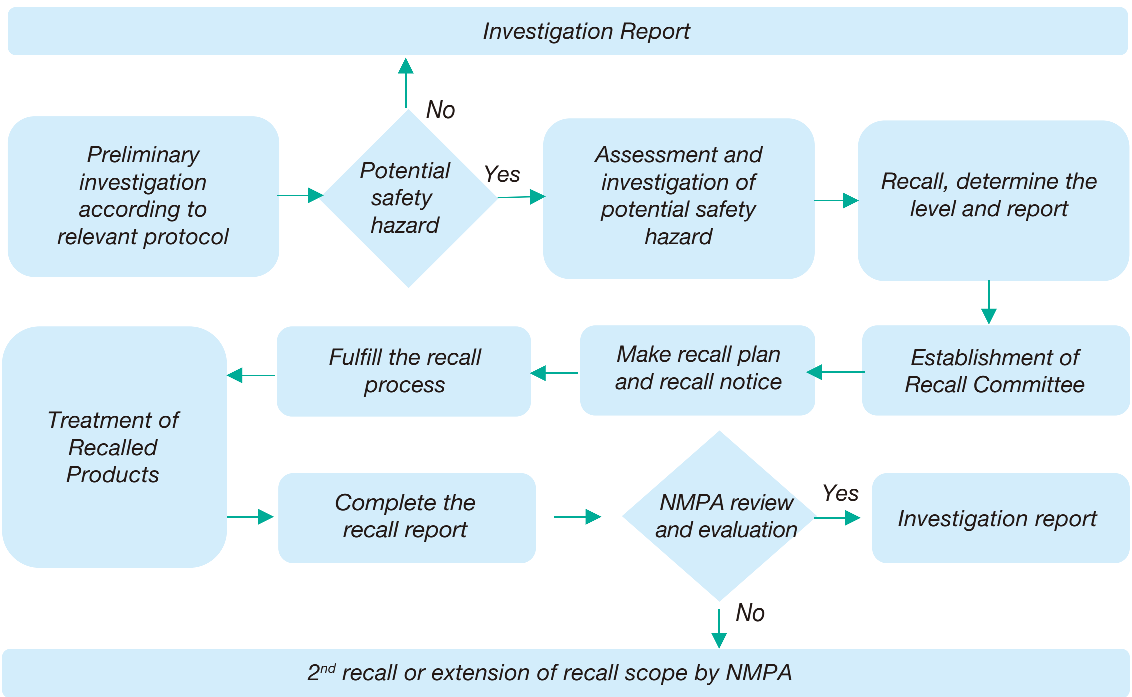
During the Reporting Period, we updated the Quality Review Management Procedures to further optimize the product quality risk management process, including adding dimensions to quality reviews to enhance the effectiveness of quality assessments. Concurrently, in accordance with the Equipment Life Cycle Management Procedures, we established the fundamental management strategy for the Group's facility equipment, classifying equipment based on risk management principles to strengthen the lifecycle management of facility equipment. This ensures a stable production environment and maintains consistent production operations. By 2025, we plan to continue strengthening our quality management capabilities. Following the Employee Training Management Procedures, we will further advance training management for employees responsible for drug production and quality-related roles, continuously improving their professional competencies to ensure we provide safer products to our customers.

With focus on the vaccine industry, we consider product quality and safety as our first priority. Our in-house commercial production base located in Changxing of Zhejiang Province has obtained China GMP inspection. Meantime, we have undergone a number of inspections including the Center for Drug Inspection of NMPA and the Zhejiang Drug Inspection Center. These inspections covered on-site inspection of drug registration, on-site inspection of drug GMP compliance, vaccine inspection, routine inspection and follow-up inspection, all of which we successfully passed.

3.1.2 Complaints and Recall

To further standardize our management process for compliant and recall, the Group continues to refine its established procedures such as the Customer Complaint Handling Procedures, the Product Recall Management Procedures, and the Product Quality Complaint Management Procedures. The Group may review and summarize complaint trends every six months to comprehensively understand the needs and expectations of populations which use its vaccines and continuously improve their experiences. The Group's Product Recall Management Procedure Flowchart is illustrated in Figure 4. During the Reporting Period, we did not receive any product and service-related complaints.

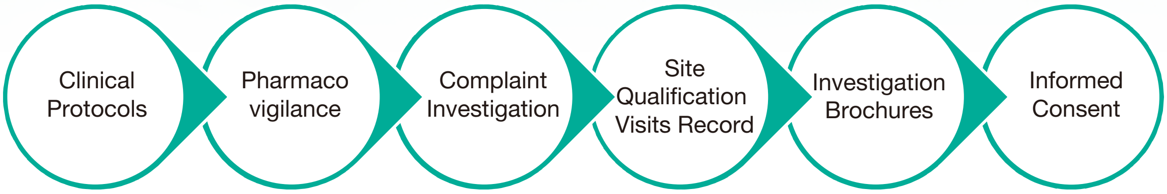
Figure 4. Product Recall Management Flowchart



3.1.3 Clinical Trial Activities

The Group's clinical trial activities are conducted in compliance with clinical principles, including but not limited to the Good Clinical Practice, the Declaration of Helsinki and other applicable regulatory requirements. Its Oversight of Clinical Trial Management procedures controls the quality of clinical trial activities, clearly detailing responsibilities for supervision and related functions and ensuring effective implementation and documentation. The Group's clinical management systems are illustrated in Figure 5. The Group also follows its Investigational Products Oversight and Management procedures to regulate the use of investigational products in human clinical trials.

Figure 5. Clinical Management Systems



3.2 Research, Development and Innovation

The Group was committed to developing innovative vaccines and using transformative science for continuous innovation, with a view to making more diseases preventable with our vaccines and meaningfully reducing the burden of public health system. We continued to increase our investment in research, development and innovation, and fostered a robust team of research, development and innovation talents, which provides a solid talent support for our sustained innovative research and development and empowers our innovative development across all fronts. During the Reporting Period, our research and development investment was over RMB185 million.

Innovation is the cornerstone of the Group, and we are committed to unleashing the power of innovative vaccines to save lives and improve health around the world. We have independently developed the unique Trimer-Tag platform for protein trimerization-based vaccine research and development, which is also the cornerstone of our source innovation. Currently, Trimer-Tag is the only trimerization technology platform globally for producing recombinant, covalently-trimerized fusion proteins (trimer-tagged proteins) utilizing a human-derived trimerization tag, and has been fully verified by SCB-2019 as a COVID-19 vaccine, and has been used for development of SCB-1019 vaccine, a respiratory syncytial virus (RSV) vaccine candidate.

The positive results from the head-to-head trial of our self-developed bivalent RSV vaccine candidate (SCB-1019) and GSK's RSV vaccine AREXVY indicate that the bivalent RSV vaccine candidate (SCB-1019), which does not use an adjuvant, can achieve the best-in-class level in terms of overall efficacy and safety. We plan to initiate clinical trials in 2025 to evaluate SCB-1019 for repeated RSV vaccinations and its application in combined respiratory vaccines, with the aim of enabling our vaccine to prevent more diseases and help alleviate the burden on public health. During the Reporting Period, the Group was awarded the "2024 Innovative Pharmaceutical CHIP Seed · Future Star Award" for its highly differentiated and efficient bivalent respiratory syncytial virus (RSV) vaccine candidate. Additionally, the Group was honored with the title of "2023 TOP 30 of China's Antibody Drug Enterprise Innovation," which fully reflects the recognition of our vaccine products and R&D innovation capabilities.

Awarded the title of “2023 TOP 30 of China’s Antibody Drug Enterprise Innovation”

3.3 Legitimate Rights Protection

3.3.1 Intellectual Property Protection

The Group is committed to the protection of its intellectual property and other intangible asset. The Group has always adhered to the management philosophy of “unified leadership, centralized management, graded responsibility and individual responsibility” and established its Intangible Assets Management Policy with reference to applicable laws and regulations and the Corporate Internal Control Standard. The aforementioned policy establishes a clear division of responsibilities for the protection of intangible assets and a whole process management system covering topics such as acquisition and acceptance and daily management and preservation to continuously improve the management of intangible assets including patent, non-patent technologies and trademark.

The Group established a clear Intellectual Property (IP) management system. The Group’s Legal Department is the centralized management department tasked with the protection of the Group’s IP rights and is responsible for establishing procedures and policies, including those for identifying patentable inventions and filing trademarks. The IT department is responsible for the management of IT intangible assets such as software.

To strengthen the management of IP rights protection, we continuously optimize the Group’s IP rights protection mechanism and promote the establishment of detailed lists and files of IP rights, as well as the graded management of IP rights, in order to achieve differentiated management of IP rights. Meanwhile, we will continuously optimize the IP data platform, timely sort out and grasp the IP data information, so as to safeguard the security of our own IP.

While protecting its own IP rights and intangible assets, the Group also respects the IP rights of others. In the Code of Conduct and Guidelines for the Compliant Use of AI Tools, we explicitly require employees not to use third-party IP rights casually. In particular, the Guidelines for the Compliant Use of AI Tools also emphasize that employees need to use AI-assisted tools with caution when using them externally, and they are not allowed to use the copyrights of third-party fonts, images, videos, etc. at will, so as to avoid infringing on the IP rights of third parties. We actively take measures to identify third-party rights and interests and strengthen the management of IP and other intangible asset ownership to ensure clear ownership, so as to avoid infringing on the IP rights or other intangible assets of others.

3.3.2 Responsible Marketing

The Group strictly adheres to applicable laws and regulations including the Advertising Law of the PRC and the Provisions on the Administration of Pharmaceutical Directions and Labels. The Group also established the Packaging Development and Design Testing Procedure and other management regulations.

During the Reporting Period, we have formulated and promulgated the Promoter Management System and the Business Team Cost and Reimbursement Supplementary Management System. These documents standardize promoter management processes and requirements, and refine reimbursement criteria and procedures for the business team. We've also set up dedicated compliance officers to review major promotion activities in advance and assess them afterward. This ensures the legality and compliance of every marketing step, helping us build long-term, stable partnerships.

Meanwhile, in order to ensure legal and compliant marketing practices and accurate information communication, we conducted the Clover Biopharmaceuticals' Promoters Compliance Training for all business teams and cooperative pharmaceutical contract sales organizations ("**CSOs**") during the Reporting Period. We aim to popularize the compliance values and compliance management system of the Group among relevant employees and CSOs and ensure that promoters understand their compliance obligations, contractual responsibilities and other legal responsibilities. Through the interpretation and analysis of typical cases, these trainings contribute to avoiding inappropriate statements in the marketing process and reducing potential compliance risks.

To ensure scientific and rigorous external communications, only authorized spokespersons may communicate on behalf of the Group with external organizations, such as the media, members of the investment community or government officials.

In the future, we will continue to strengthen compliance promotion and marketing work, improve marketing compliance monitoring technologies, so as to supervise promotion service activities in real time. Moreover, we will increase investment in marketing compliance training for the team and strengthen the construction of the internal marketing compliance culture.

3.3.3 Privacy and Data Protection

The Group advocates for information safety and data protection through continuous improvement in its data protection management system to enhance the data protection and management. The Group strictly conforms to the Personal Information Protection Law of the PRC and the General Data Protection Regulation of the EU and protects the privacy of personal information entrusted to it by its customers, employees, patients, business partners and other stakeholders. During the Reporting Period, we formulated the Personal Information Protection Policy and Personal Information Collection Procedures in accordance with relevant laws and regulations in order to enhance the management of privacy data security of our stakeholders, including customers, employees, patients and business partners, and to ensure that our workflow complies with the requirements of laws and regulations and industry standards. During the Reporting Period, no privacy or data breaches occurred within the Group.

The Group instituted the Policy on Information Confidentiality Management to specify the responsibilities and duties for confidentiality management, and continuously strengthen information security management. The Legal Department is the centralized management department for data protection, establishes implementation rules for data protection and supervises data protection on timely manner to ensure the effective confidentiality management and data protection in the Group. The IT Department also has dedicated data security personnel who oversee the safe storage and transfer of information. During the Reporting Period, the Legal Department and the compliance team formulated the Guidelines for the Compliance Use of AI Tools, which emphasize the need for information protection when employees use AI-assisted tools at work, preventing the leakage of sensitive information of themselves, customers, patients, business partners, and the Group's confidential information.

The Group actively implemented management activities to raise awareness about privacy and data protection among employees. The Group set confidentiality obligations by signing confidentiality agreements with its employees. The Group also provides training to new employees so that they can understand the Group's requirements on safety and data protection to ensure all employees can help prevent any breach. In addition, the Group requires that third-party collaborators in activities such as joint ventures, alliances, mergers and acquisitions, consulting, and co-development sign confidentiality agreements with explicit confidentiality clauses, thereby reducing the risk of data leakage and ensuring comprehensive implementation of privacy and data security safeguards.

4 RESPONSIBLE OPERATIONS

4.1 Business Ethics and Integrity

Ethics and integrity are at the foundation of the Group's corporate management. The Group strictly adheres to applicable laws and regulations on bribery, extortion, fraud, and money laundering, including but not limited to the Criminal Law of the PRC, the Company Law of the PRC, the Foreign Corrupt Practices Act (FCPA), the Bribery Act 2010, and the Anti-Unfair Competition Law of the PRC. During the Reporting Period, the Group did not receive any reports or allegations against the Group or its employees in any of these areas.

4.1.1 Compliance, Anti-Corruption and Anti-Bribery

The Group has zero-tolerance with respect to bribery and corruption. To ensure the legal compliance of business activities and daily operations, the Group has established the Anti-Bribery and Anti-Corruption Policy in accordance with relevant laws, regulations, and industry standards. This policy clarifies the Group's compliance requirements and standards in prohibiting bribery and corruption, effectively contributing to the achievement of the goal of building a clean enterprise. At the same time, the Group also issued a Code of Ethics and Standards of Conduct (the "**Code of Conduct**"), which sets out legal and ethical standards of conduct for its employees, suppliers, agents, third parties and consultants acting on behalf of the Group to prevent any form of corruption or bribery. The Code of Conduct states that employees must not directly or indirectly offer or give anything of value to anyone, including government officials, to influence their actions or decisions, or to obtain improper benefits. Based on the continuous development of the Group in the commercial stage, we have formulated the Policy on the Interaction and Communication with Medical Workers and Professional Medical Institutions, which defines the requirements and regulations on a series of scenarios and processes. It provides detailed and comprehensive compliance guidance on commercial interaction and communication activities of the Group, further enhancing its compliance management capabilities.

In addition, to further strengthen compliance culture, the Group conducts ongoing compliance training for all employees, focusing on anti-bribery, anti-corruption, integrity, and transparency. We also organize diverse compliance initiatives, including holding compliance committee meetings to regularly discuss compliance hotspots and formulate action plans, publishing internal compliance newsletters, and hosting compliance-themed days for third-party risk management. In 2025, we'll continue to provide all-staff compliance training. The training will cover compliance hot-issues, key issues, and updates in pharmaceutical compliance. This ensures employees fully understand the requirements of compliance management and further enhance their awareness of compliance.

ANTI-BRIBERY AND ANTI-CORRUPTION TRAINING

During the Reporting Period, the Group conducted group-wide anti-bribery and anti-corruption training. Intensive training was provided on anti-bribery and anti-corruption principles, risk identification, reporting channels, and compliance duties to enable all employees to adhere to the Group's compliance values and requirements and enhance their compliance awareness.

INTERNAL COMPLIANCE NEWSLETTER

During the Reporting Period, the Group released internal compliance newsletters on a regular basis. The content of these newsletters covers various aspects such as compliance news sharing, introduction of compliance policies, and interpretation of compliance topics, aiming to continuously share up-to-date compliance knowledge and dynamics with employees and enhance the compliance awareness of all staff within the Group.


三叶草生物制药

CLOVER BIOPHARMACEUTICALS

Legal & Compliance Monthly Newsletter

法务与合规月刊

-2024.05-

智法律·慧合规

新闻速递 News Express

关于印发 2024 年纠正医药购销领域和医疗服务中不正之风工作要点的通知

Notice on the Issuance of The Key Points to Correct Improper Practices in Pharmaceutical Purchase, Sales and Medical Services in 2024

近日，国家卫生健康委、公安部等 14 部委联合制定印发了《关于印发 2024 年纠正医药购销领域和医疗服务中不正之风工作要点的通知》。《通知》共包括五部分：

- 持续规范医药生产流通秩序
- 集中整治群众身边不正之风和腐败问题
- 坚决纠治行业乱象
- 切实维护医保基金安全
- 深化巩固集中整治工作成效

关于印发《江西省医疗卫生机构医药购销领域商业贿赂不良记录管理暂行办法》的通知

Notice on the Issuance of Jiangxi Provincial Interim Measures for Managing Commercial Bribery Records in Pharmaceutical Purchase and Sales in Healthcare Organizations

为进一步规范医疗卫生机构药械采购行为，完善诚信体系建设，打击商业贿赂和腐败行为，江西省卫生健康委、江西省中医药管理局、江西省疾病预防控制局联合制定了《江西省医疗卫生机构医药购销领域商业贿赂不良记录管理暂行办法》。

4.1.2 Whistleblowing Reporting Channels

The Group is fully committed to ensuring that its working environment is grounded in the principles of honesty, fairness and integrity. To encourage employees to report acts that violate or may violate laws, regulations, company policies and procedures, we have formulated the Reporting Concerns and Responding to Allegations, which provides effective guidance on how to report concerns and how to respond. The Company encourages all bona fide reports and never tolerates any retaliation, directly or indirectly, against bona fide reporters and relevant people. In addition, the Group's standard reporting procedure (see Figure 6) ensures that all reports can be effectively assessed, investigated and addressed in a timely way. The procedure also requires that full records shall be maintained for traceability.

Figure 6. Whistleblowing Procedure

The Group has compliance reporting channels and encourages all employees, customers, shareholders, suppliers and other third parties to speak up and raise concerns. Whistleblowers can report any unethical or potentially harmful behavior through a variety of channels such as e-mail, website, and compliance hotline (see the Group official website for details), either under their real names or anonymously, 24 hours a day.

4.2 Sustainable Supply Chains

The Group strives to work closely with supplier partners to achieve mutually beneficial cooperation and continuously optimizes the procurement process and supplier management system to strictly control procurement quality and improve supplier management efficiency. At the same time, the Group integrates the concept of sustainable development into the whole process management of the supply chain. We prioritize environmentally-conscious suppliers and service providers once the products of suppliers meet the Group's requirements in terms of quality, price and other aspects.

4.2.1 Supplier Management Procedures

To ensure fairness and transparency in the procurement process, the Group established management policies, such as Supplier Management Procedures, Contract Service Provider Management Procedures, to strictly standardize tendering procedures. During the Reporting Period, we updated the systems such as the Procurement Standard Operating Procedure (Procure-to-Pay) and the Supplier Approval Standard Operating Procedure. Based on different procurement amounts, we've set corresponding bidding rules and clarified the handling of exceptions in the bidding process. These measures are intended to ensure a comprehensive evaluation of suppliers in the procurement process, clarify the responsibilities of the relevant persons, and ensure that we select each product or service supplier in an open and fair manner. The Group's Supplier Management Procedures is shown in Figure 7.

Figure 7. Supplier Management Procedure

Initiating purchasing and tendering request
Demand Departments with tendering needs for new products, services, or production sites submit request forms to the Procurement Department.

Selecting and verifying qualified suppliers
The Procurement and Quality Control ("**QC**") Department evaluates potential suppliers on certification, capabilities, quality control systems, relevant experience, etc. through Due Diligence Questionnaires.

Auditing on suppliers
Adhering to the Group's Supplier Audit Management Procedure, the Quality Assurance ("**QA**")Department conducts on-site audits for certain suppliers, aiming to identify and reduce procurement risks.

Assessing and approving qualified suppliers
The QC Department and Demand Departments regularly review various aspects of products/ service quality to form a pool of qualified preferred suppliers.

4.2.2 Risk Management of Supply Chains

The Group continues to strengthen risk management in the supply chain and to identify and sort out potential risks in a timely way. Using specific due diligence questionnaires, the Group conducts risk assessments on the supply chain, assessing potential risks across multiple dimensions such as compliance, financial soundness, quality, environmental health and safety services, supply chain management and corporate social responsibility. In addition, the Group puts forward relevant rectification requirements for the risk points identified during the assessment process. Moreover, the Group conducts special audits on suppliers which may have negative environmental impacts and may have a negative impact on the quality and safety of the Group's products to reduce supply chain risks and ensure the quality and safety of products. During the Reporting Period, the Group audited 9 suppliers, and the audit results showed they were all compliance with Good Manufacturing Practices ("**GMP**") standards.

At the same time, to cope with potential adverse effects of extreme weathers on the supply chain, the Group has adopted a series of risk management measures to ensure business continuity and enhance the risk resilience of the supply chain. In order to regulate emergency operation standards for supply chain transportation emergencies as well as prevent and reduce risks and losses resulting from accidents and disasters, we have formulated relevant policies and systems, including the Emergency Operation Procedures for Vaccine Transportation of Clover Biopharmaceuticals, Ltd. and the SAP Business Continuity Plan – Guidance. Meanwhile, we have established a good cooperative relationship with logistics service providers. We have formulated transportation emergency response plans, cold storage vehicle emergency drill plans, etc., and clarified the responsibilities of both parties in aspects such as cargo transfer and personnel allocation, so as to ensure the stable operation of the supply chain under extreme weather conditions. Furthermore, we will select suppliers with robust infrastructure and strong disaster resilience capabilities to further mitigate the impact of climate risks.

4.2.3 Supplier Quality Management

The Group attaches importance to quality control in procurement and consistently maintains high standards for the products and services provided by suppliers, especially those meeting the relevant requirements of Good Practices ("**GxP**")[2]. The Group's Procedure for the Administration of Quality Agreement specifies its quality standards to ensure mutual agreement on the activities, responsibilities and obligations of both parties. At the same time, the Group tailors Quality Agreements for different types of suppliers and these agreements define the responsibilities and requirements for each party on personnel, premises, equipment, documentation, storage and transportation, product certification, complaints, returns and suspected falsified products, as well as market returns, product recalls and disposal. Where applicable, the Quality Agreements may also include the procedures for product testing, quality assurance and quality control.

[2] The term GxP is an umbrella term for "good practice" guidelines and regulations. "x" indicates a specific field: clinical (GCP), manufacturing (GMP), distribution (GDP), laboratory (GLP), agriculture (GAP), etc. Although the requirements are similar across countries, there is no single regulatory entity or governing body, and each country has its own guidelines and regulators. GxP regulations include those listed in US FDA CFR Title 21 Part 11 and EU EudraLex Volume 4 – GMP Guidelines Annex 11.

In addition, the Group has formulated the Supplier Complaint Handling Procedures to regulate the management of supplier complaints and the collection of relevant data. Meantime, we collect quality-related data from our suppliers of raw materials, auxiliary materials and packaging materials, and conduct data analysis and prepare an annual supplier review report, so as to implement targeted optimization measures and enhance the supplier quality management.

4.2.4 Efforts in Clean Cooperation

The Group continues to focus on building a clean supply chain and requires all suppliers to comply with its Anti-Bribery and Anti-Corruption policy and the Code of Conduct or equivalent anti-corruption policies of suppliers. In addition, the Group updated the Third Party Due Diligence Process during the Reporting Period and further emphasized the requirement that the Group must conduct due diligence before engaging a third party, so as to proactively identify and prevent corruption and other related risks.

5 TALENT MANAGEMENT

The Group has always believed that talent is the source and driving force of enterprise development. The Group is committed to building a compliant, safe, equal, diverse and inclusive workplace. Through a sound talent management system, the Group assists employees in their growth in such a workplace environment and at the same time promotes the continuous development of the Group.

5.1 Employment and Labor Standards

The Group strictly abides by national and regional employment laws and regulations that are applicable at each of its operating locations. They include but are not limited to the Labor Law of the PRC, the Labor Contract Law of the PRC, the Implementation Rules of the Labor Contract Law of the PRC, and the Social Insurance Law of the PRC. During the Reporting Period, there was no reported violation of labor laws and regulations.

To promote a safe, open and trustworthy corporate culture, the Group publishes an Employee Handbook, which specifies the Group's management requirements for recruitment and onboarding, comprehensive compensation, performance management, learning and development, employee code of conduct, etc. To ensure the Employee Handbook considers employees' rights and interests, the Group has set up an Employee Handbook Co-Creation Committee, with employee representatives participating in the revision of specific terms and conditions. The committee continuously reviews the content and explores ways to enhance its relevance to the Group's evolving needs. During the Reporting Period, the Group conducted the Employee Handbook training for all employees, aiming to further enhance their understanding of the relevant operational and behavioral guidelines through online training, and to fulfill the Group's commitment to establishing a safe workplace.

5.1.1 Talent Recruitment

The Group formulated and implemented the Recruitment SOP to standardize the talent recruitment process and ensure that all candidates can be evaluated and assessed fairly and equitably. To ensure the smooth progress of recruitment work, the Human Resources Department is responsible for formulating, implementing and updating recruitment-related policies and procedures, and cooperating with various business departments to carry out recruitment in accordance with the requirements of job responsibility, personal qualities, skills, education background, and experience.

At the same time, the Group is committed to creating a diverse, inclusive, equal and open workplace and continuously promotes the recruitment of diverse talent, providing equal employment opportunities for people across races, ages, colors, genders and international backgrounds. The Group also proactively empowers people with disabilities by creating positions that give full play to the talents of these people at our business operation sites in Chengdu, Zhejiang and Shanghai every year, depending on the needs of our business development, in order to facilitate the employment of people with disabilities. At the end of the Reporting Period, the total number of our employees was 300, among which the proportion of female employees and the proportion of newly joined female employees both accounted for 56%, and we have employed 5 people with disabilities.

5.1.2 Employee Rights and Interests Protection

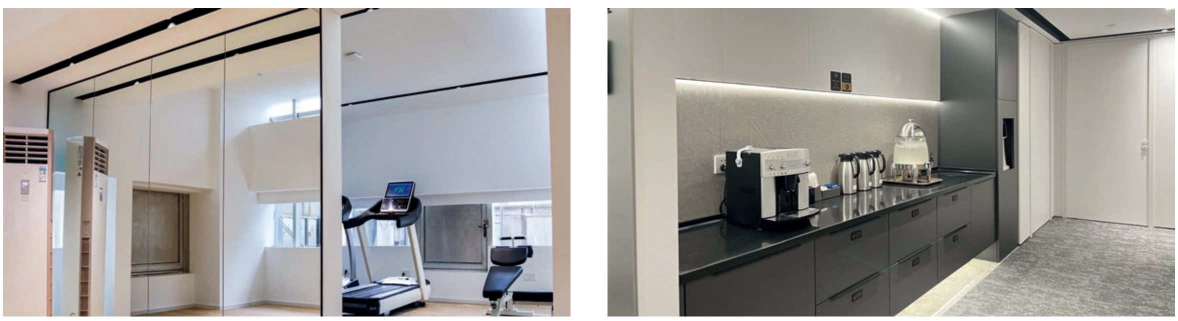
The Group fully guarantees employees' rights and interests, adopting an open and inclusive attitude towards individuals from diverse backgrounds. We ensure that every employee is evaluated solely based on their personal capabilities, knowledge, qualifications, experience, and work performance, and that decisions regarding recruitment, employment, compensation, performance, and promotions are made fairly and justly. Additionally, we have established corresponding reporting channels through which employees can raise concerns or report behaviors that undermine their interests via direct communication, email, website and hotline.

The Group strictly prohibits child labor. The Group conducts comprehensive background checks of every job applicant and verifies their identification cards, graduation certificates and other relevant identification documents to ensure that they meet the employment requirements, thus preventing any improper employment situations. In addition, we also prohibit any improper employment behaviors. In strict accordance with legal requirements, we stipulate the working hours of employees. Overtime is not encouraged and shall be approved by line managers. For overtime work with approval, the Group shall pay overtime wages or arrange for rest in accordance with relevant laws. During the Reporting Period, the Group did not have any cases of child labor or forced labor.

5.1.3 Communication and Welfare

The Group established a CEO Mailbox as another communication channel that employees can use to directly share constructive feedback on the company. At the same time, the Group encourages employees to share their ideas and suggestions conducive to the development of the Company through channels such as websites and mobile platforms and also organizes departmental open days to promote the flow of information through cross-departmental interactions. The Group greatly values this feedback and believes that having a diversified set of channels for receiving them can support employees' sense of belonging, mutual respect and happiness. In addition, we actively conducted an employee canteen satisfaction survey and other activities to better understand employees' opinions and suggestions regarding the canteen and sought to address the feedback as much as possible. During the Reporting Period, we launched the 2024 Global Employee Pulse Questionnaire activity. The survey dimensions include six aspects: employees' suggestions for managers, employees' suggestions for the company, employee satisfaction, personal growth, employee engagement, and feedback on company initiatives. The survey collected feedback and opinions from all employees, receiving a 97% response rate. The results of the questionnaire show that employees have full confidence in the leadership and direction of the Group. We will actively promote relevant improvement measures based on these results to enhance the employees' work experience.

The Group offers a comprehensive benefits program for its employees. In addition to statutory benefits, the Group provides employees with supplementary benefits such as commercial insurance, holiday gifts and birthday allowances. The Group also provides employees with transportation, communication, lunch and other allowances, as well as the Group welfare leave (including marriage leave, maternity leave, paternity leave, parental leave, anniversary service leave, etc.) and other caring benefits, to show its concern for employees' physical health. Moreover, we have established facilities such as mother and baby rooms, gym, water bar, and library to enhance employees' sense of belonging.



Gym and Water Bar

At the same time, the Group establishes welfare committees for organizing activities of interest groups in multiple business operation sites and holds annual celebrations for employees around the world, and also establishes employee clubs and encourages employees to actively engage in social activities, such as the Curious Club and the Funky Hi-Show Sharing Club to enrich the Group's cultural life and create a positive working atmosphere. During the Reporting Period, we invited employees to participate in sports activities such as basketball, badminton, table tennis, and golf. We also organized employee welfare activities during traditional festivals and holidays like the Lantern Festival, International Women's Day, and the Dragon Boat Festival. Additionally, we regularly held employee birthday parties, aiming to balance work and life while enhancing employee happiness.

TRADITIONAL FESTIVAL AND HOLIDAY ACTIVITIES

During the Reporting Period, we organized interactive programs such as Spring Festival pot-throwing and Lantern Festival lantern-making. By arranging these employee activities, we enabled employees to feel the Group's corporate care, further strengthening the cohesion among employees.

Spring Festival
Pot-throwing Activity

Lantern Festival
Lantern-making

CLOVER DAY

The Group has designated November 5 of each year as "Clover Day." "Clover Day" is a reminder of past achievements and a call to continue efforts to improve global health and well-being. All Clover employees receive extra leave and can apply to use the leave during the year according to their needs.

In 2025, we will continuously collect employees' feedback through the CEO Mailbox and the Clover Employee Pulse Questionnaire to improve the employee communication mechanism. In addition, by offering employee physical exercise courses, organizing employee welfare activities, and holding departmental open days and global employee conferences, we will promote employee participation, cross-departmental cooperation, enrich employees' health-related activities, further strengthen employee care, and create a safer, more equal, diverse, and inclusive workplace environment for employees.

5.2 Employee Development and Training

As a people-oriented company, the Group attaches importance to the growth and development of its employees and is committed to providing ample opportunities for advancement and platforms for them to showcase their value. The Group has established a sound performance management system to evaluate employee performance and recognize individual contributions. Furthermore, the Group created a standardized training management system and developed diversified training programs to help employees achieve the improvement of their self-worth and the realization of their career development goals.

5.2.1 Talent Performance and Remuneration Management

The Group establishes a performance management and evaluation system to recognize employee work achievements. The Group's performance management consists of three parts: goal setting, ongoing feedback and review, and performance review and evaluation. The Group also provides performance improvement plans for employees who are not competent at their work to enhance and improve their performance, and to promote positive dialogues between team managers and employees, so as to jointly create value. In order to ensure that employees can efficiently achieve their annual performance goals, we provide annual goal-setting training for employees every year. The aim is to help employees clarify the content of their goals and master the key points of their annual work, thus facilitating their better growth.

- **Goal setting:** Employees and line managers jointly formulate goals and related action plans, empowering employees to set goals with the Objectives and Key Results (OKR) goal management tools, which helps them articulate the key paths of achieving their goals and reaching consensus with superiors and teams through OKR communication;
- **Ongoing feedback and review:** Employees and line managers regularly review progress towards goals and the direct manager gives timely feedback based on ongoing work. In addition, the Group organizes 360 feedback in the middle of the year, which promotes the self-understanding and growth of employees through employee nomination, experience approval, and anonymous feedback;
- **Performance review and evaluation:** Review and evaluation of employee performance and contributions is conducted annually and forms the basis for creating incentives and promotion.

The Group provides employees with comprehensive and competitive remuneration packages based on market competitiveness and impartiality. In addition to the base salary, we formulate an annual bonus plan based on factors such as business performance and individual performance to encourage employees to continuously progress. At the same time, the Group also offers long-term incentive programs to share the Group's performance growth with employees through an equity incentive mechanism, which ensures that the interests of individual employees are aligned with the long-term interests of the Group. Furthermore, we will launch a retention (employee retention) plan, with the optimization of the compensation system as a core component. Our goal is to enhance the attractiveness and competitiveness of the compensation system through its improvement, thereby achieving more effective motivation for employees.

5.2.2 Employee Training

Adhering to the management principle of "institutionalization, standardization and systematization," the Group updated the Training Management Policy during the Reporting Period to further standardize the organizational methods and content of training and clarify training responsibilities, thereby comprehensively promoting training management.

To continuously improve the professional and knowledge skills of our employees, the Group provides a variety of training programs by leveraging various internal and external resources to comprehensively help employee development. During the Reporting Period, we comprehensively updated our online learning platform, "Cloud Academy," to provide employees with a more diverse range of online learning content. Additionally, we actively conducted various training programs and organized 47 employee training sessions during the Reporting Period. The highlights of the training content are as follows:

NEW EMPLOYEE ORIENTATION:

The Group provides detailed on-the-job training for new employees to help them adapt quickly to working life. During the Reporting Period, we uploaded the content of new employee onboarding training to the "Cloud Academy" online learning platform, providing colleagues across all locations with more efficient online onboarding training.

CROSS-DEPARTMENTAL SKILLS TRAINING:

The Group values the diversity of employees' skills and is committed to the collaborative development of employees globally. Therefore, we provide cross-departmental learning resources and diverse skills training for employees, aiming to expand their skill sets and support their career growth.

MANAGER TRAINING:

During the Reporting Period, the Group conducted manager training programs designed for team leaders. The training content included performance management, effective growth conversations, and enhancing team management capabilities. This aims to promote communication and interaction among teams and improve team collaboration skills.

GENERAL COMPETENCIES, PROFESSIONAL KNOWLEDGE, AND WORK SKILLS SHARING:

The Group has launched general competency and professional knowledge learning resources, such as Master Class, CloverTalks, Lunch & learn, Growing Minds Series Learning, and Infectious Disease Series Learning, etc. Employees can access these resources through the "Cloud Academy" platform to accelerate their growth.

Additionally, we have uploaded operational videos related to production and quality workflows, providing employees with opportunities to learn work skills online.

Courses Offered

Knowledge Base	MasterClass, CloverTalks, New Employee Training, Management Courses
Departments	Changxing Learning Circle, Chengdu Learning Circle, Sales Courses, Vocational Skills

In 2025, in line with the Group's overall strategy and business development needs, we will focus on various aspects such as new employee training, professional skills enhancement, leadership cultivation, and promotion of a growth mindset, and continuously advance our training programs to provide learning opportunities for employees. At the same time, we will design and implement customized employee development plans tailored to the goals of each department, ensuring employees receive targeted job skill training to enhance their capabilities in specialized fields. In addition, we will continue to upgrade our online learning platform and enrich the course resources, providing employees with learning content suitable for their career development, so as to achieve the goal of common progress for both employees and the group.

5.3 Employee Health and Safety

The Group strictly abides by the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Regulation on Work-Related Injury Insurance and other relevant policies. The Group continuously improves the safety and occupational health management system, implements health and safety risk management, and ensures the occupational health and safety of employees

5.3.1 Safe Production

The Group takes safety production matters seriously, has formulated relevant policies such as the Occupational Health and Safety Control Procedures, the Corporation Entity Responsibility System on Safety Production, and the Post Responsibility on Safety Production, clarifying the safety management processes and responsibilities, establishing a sound work safety management system. At the same time, the Group also defines the safe production responsibilities of employees in the Employee Handbook to continuously enhance employees' awareness of work safety.

The Group actively promotes all aspects of safe production management:

- The Group established an EHS committee, an EHS executive committee, and a dual governance system for grading risk controls and hidden dangers inspections. The committee also developed and implemented special corrective measures and training and developed detailed safety guidelines to ensure safe production under emergent circumstances;

- The Group formulated a series of SOPs, including but not limited to the Carbon Dioxide System Maintenance SOP, the Nitrogen System SOP, the Carbon Dioxide System SOP, to promote the standardization and normalization of production operations and reduce accidents caused by improper operations during the production process.;

- At the same time, the Group signed work safety responsibility letters with employees, and actively carried out safety hazard investigations to continuously and proactively identify danger spots, regularly inspect high-risk areas within the factory premises, and strengthen security risk control. During the Reporting Period, the Group carried out routine inspections of fire safety equipment to control fire safety risks and fully ensure fire safety.

In 2025, we will continue to improve our work safety system by consistently developing and implementing management responsibility objectives and inspection plans for work safety. We will rigorously promote safety inspections and carry out relevant risk identification and control measures to provide employees with a safe working environment.

5.3.2 Occupational Health and Safety

To protect the occupational health and safety of employees, our Group has developed and implemented the Regulations on Occupational Health Management (hereinafter referred to as the "Regulations") and other management procedures with reference to relevant laws and regulations such as the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Law of the People's Republic of China on the Administration of Pharmaceuticals and the Technical Specifications for Occupational Health Surveillance (GBZ188-2014), which clarifies health and safety risk factors and the responsibilities of health and safety management and stipulates the occupational safety management process. In accordance with the requirements of the Regulations and the Employee Handbook, the Group provides coverage for employees to receive an annual health assessment and arranges pre-job, on-the-job and off-the-job health checks for employees in the positions with potential occupational hazards.

During the Reporting Period, the outcomes of occupational safety and health management

✓ 0 safety and occupational health related accidents/cases
✓ 100% compliant storage and disposal of hazardous solid waste
✓ 0 environmental pollution incidents and government administrative penalties
✓ stably controlled pests in the factory premises, with the number of pest-related deviations in the factory premises ≤ 2 times
✓ 100% training rate of EHS employees for new employee and special trainings
✓ 100% completion rate of the annual safety training plan
✓ 100% coverage rate of occupational disease health checkups

To strengthen occupational health and safety management, the Group provides employees with personal protective equipment such as work clothes, insulating shoes, protective glasses, earplugs, dust masks, and anti-toxic protective gear, and pastes safety instructions for on-the-job operations on equipment. The Group also continues to improve its management of safety symbols. Meanwhile, the Group also provides employees at all levels with safety-related training on safe production, workshop safety production rules and regulations, and post operation safety procedures. For those in special positions, the Group conducts training on fire safety, hazardous waste management, special equipment and special operations. During the Reporting Period, the Group carried out a variety of training activities, such as safety training for resuming work and production, traffic safety knowledge training, first-aid knowledge training, training on the use of fire-fighting equipment, and safety knowledge competitions, to comprehensively enhance employees' awareness of health and safety management.

To enhance our emergency management capabilities in the face of emergencies, we have formulated the Comprehensive Emergency Response Plan for Emergencies. Based on this comprehensive plan, we have also developed on-site special emergency response plans to handle various emergencies more flexibly. Meanwhile, the Group established a Chemical/Biological Emergency Response Unit and a Volunteer Fire Team and carried out comprehensive and special emergency drills to ensure timely response to unexpected incidents and fully safeguard the health and safety of employees. During the Reporting Period, the Group organized a number of activities, including fire emergency drills, to enhance the emergency response capability of employees.

On-Site Specialized Training for Firefighting Facilities

We pay attention to the health and safety of our office environment. We carefully select office decoration materials that are safe for human health, provide ergonomic desks and chairs, employ fresh air systems in our offices, and monitor the air quality of the office space in real time, thus creating a healthy and safe office environment for our employees.

To protect employees' health during hot weather, in addition to providing cooling beverages and heatstroke prevention medications, Clover Zhejiang distributes high-temperature subsidies to both indoor and outdoor employees according to the standards from June to September each year in accordance with the relevant high-temperature documents issued by the government.

In addition, in order to help our employees manage and alleviate negative emotions and psychology in a scientific way and to approach both work and life with a better mindset, we also organized a range of activities to improve their physical and mental well-being, including providing mental health communication lectures. We also arranged for our employees to receive flu vaccinations, so as to foster a safe workplace and protect the physical and mental health of our employees.

6 ENVIRONMENTAL PROTECTIONS

6.1 Environmental Management

The Group is committed to green development. It strictly complies with environmental-related laws and regulations in the countries where it operates, including but not limited to the Environmental Protection Law of the PRC, the Regulations on the Administration of Construction Project Environmental Protection and the Law of the People's Republic of China on Environmental Impact Assessment. The Group endeavors to mitigate the negative environmental impact of its daily operations.

In the Employee Handbook, the Group clearly states requirements for environmental protection to ensure the proper handling of experimental waste liquids, chemical reagents. The Group also encourages employees to use energy and resources efficiently and actively adopt energy-saving and emission-reduction measures to support the Group's green and sustainable development. During the Reporting Period, the Group did not commit any violations relating to environmental protection.

The Group's EHS committee established the EHS Organizational Structure & EHS Committee System and Management System of "Three Violation Behaviors." It clearly specified the organizational structure of environmental protection management to avoid any violations, and signed EHS commitment letters with each responsible party to clarify the environmental protection goals and responsibilities of relevant departments and employees. Moreover, it ensures that the environmental protection management requirements are implemented.

We consistently improve the Group's governance over environmental protection and have fulfilled all of the Group's environmental management commitments, including environmental pollution monitoring, environmental risk control, and emergency response to environmental incidents:

- **Strengthen environmental pollution monitoring:** The Group actively conducted ongoing environmental monitoring to evaluate environmental management effectiveness, and to ensure compliance with pollutant discharge requirements. During the Reporting Period, we engaged a qualified third-party professional institution to conduct the environmental monitoring on a regular basis. The results showed that the discharge of wastewater, waste gas and noise all met national standards;

- **Reinforce environmental risk control:** According to the requirements for the environmental management system under ISO 14001, the Group actively carried out environmental risk assessments to identify environmental risks in manufacturing, R&D and laboratory activities and to formulate targeted measures for improving risk prevention and control, such as increasing the frequency of regular checks, special training and drills.

- **Enhance environmental emergency response capabilities:** The Group established policies such as the Action Plan for Environmental Emergencies, actively carried out environmental emergency drills, and signed mutual assistance agreements with partners for dealing with emergencies, so as to improve the emergency response capabilities for sudden environmental incidents within the entire Group.

In response to the PRC's "carbon peak and neutrality" target, the Group established voluntary, quantitative "sustainable development objectives" in 2022 and clarified its development and action plan for energy saving, emission reduction, and resource use. During the Reporting Period, the Group has continued to enhance its environmental management initiatives, driving forward its green and sustainable development.

Figure 9. Sustainable Development Objectives and Action Plans for Voluntary Reduction of Environmental Impacts at Clover Zhejiang

Objective	Action Plans
Reduce air and carbon emissions	◆ Developed the Greenhouse Gas Emission SOP to improve management of greenhouse gas ("**GHG**") emission ◆ Established a refrigerant use policy to promote the use of carbon-friendly materials ◆ Conducted environmental protection training to strengthen the development of a green and low-carbon corporate culture, and raise EHS awareness among employees
Reduce waste	◆ Advocated for the use of online office systems, such as the Document Management System ("**DMS**"), to save paper ◆ Reduced the production of hazardous waste and entrusted qualified third-party waste management entities to properly handle waste
Reduce electricity consumption	◆ Formulated and implemented an Emergency Energy Conservation Plan and tracked progress ◆ Installed additional watt-hour meters to acquire more accurate data for setting future numerical targets
Reduce water consumption	◆ Developed and implemented an Emergency Water Conservation Plan and tracked progress ◆ Conducted quarterly thematic activities to strengthen employees' awareness of water-saving approaches ◆ Installed more water meters to acquire more accurate data for setting future quantitative targets

6.2 Responding to Climate Change

6.2.1 Climate Change Governance

Our Group continued to enhance its climate change governance system, establishing a climate change governance structure with clear responsibilities. The Board is primarily responsible for formulating and approving strategies and policies related to climate change, ensuring that our performance on climate-related issues meets regulatory requirements and aligns with best practices in the field. The Sustainability Working Group is mainly responsible for implementing the climate-related strategies and policies approved by the Board, and continuously monitoring climate risks and opportunities through internal control system, providing timely updates to the Board on the latest developments.

To effectively guide the Group's climate change initiatives and actions, sustainability-related issues have been formally included into the Board's agenda, ensuring ongoing attention and discussion on climate change issues. Meanwhile, we have conducted internal training sessions and sharing meetings on climate change response for our Board members and senior executives, to ensure that both the Board and management are thoroughly informed about the trends of climate change.

6.2.2 Climate Change Management Strategy

Responding to climate change is a core component of the Group's sustainable development strategy. We consistently focused on the impact of climate change on our Group's operations and paid close attention to the associated risks and opportunities. We actively formulated corresponding response strategies and continued to enhance our capabilities to address climate change.

Our Group employs a multi-dimensional and comprehensive approach to identify and assess climate-related risks and opportunities, formulating targeted strategies to address them. We regularly review and evaluate the progress and areas for improvement in our climate change initiatives. The climate-related risks identified by our Group primarily include physical risk and transition risk.

Risk Type		Risk Description	Timeframe
Physical risk	Acute physical risk	Extreme weather events, such as heavy rainfall and flooding, resulting from climate change, may affect the Group's facilities and machinery, thereby impacting the Group's normal operations	Short to medium term
Transition risk	Policy and legal risk	**Increased costs due to policy changes:** As global attention on climate change intensifies, governments around the world may implement stricter environmental regulations and carbon emission standards. The Group may need to invest additional resources in energy saving and emission reduction, carbon footprint accounting, and environmental information disclosure, thereby increasing operational costs. **Uncertainty in regulatory requirements:** The rapid evolution of policies may pose challenges for the Group in adapting promptly, for example, potentially leading to heightened compliance demands in areas such as carbon emission trading and energy efficiency improvements.	Long term
	Technological transition risk	**Cost of implementing low-carbon technologies:** Vaccine production involves in intricate processes and equipment. As the Group transitions to low-carbon technologies and operations, significant financial investment may be required for the research and development of new technologies, the upgrading of energy-efficient equipment, and the modification of processes. **Technological compatibility issues:** Existing production facilities and processes may not be fully compatible with emerging low-carbon technologies. This could pose challenges for the Group in terms of integrating technologies during the transition phase.	Long term

Risk Type	Risk Description	Timeframe
Market and customer demand shift risk	**Growing customer demand for low-carbon products:** As environmental awareness among consumers rises, customers may be more inclined to choose low-carbon, green vaccine products and environmentally friendly services. To strengthen its competitive advantages, the Group should proactively adopt strategies that enhance the environmental performance of its products and services. Conversely, failure to do so could result in a reduction in market share and a decline in market demand for our services. **Supply chain carbon footprint management:** An increasing number of customers are demanding that companies reduce carbon emissions across the entire value chain. The Group may need to collaborate with suppliers to optimize supply chain management in order to meet customers' low-carbon requirements.	Long term
Reputational risk	**Public concern over climate responsibility:** If the Group is slow to act or performs poorly in responding to climate change, it may face criticism from the public and media, affecting the corporate brand image and reputation.	Long term

Climate change presents both risks and opportunities. Proactively implementing measures to mitigate or adapt to climate change can create additional value for corporate development within the context of low-carbon growth. The Group will continue to focus on opportunities related to climate change and actively explore and promote green transformation.

Opportunity Type	Opportunity Description	Timeframe
Policy and market demand opportunity	**Policy support and incentives** To respond to climate change and public health challenges, governments offer a range of support measures such as R&D subsidies, tax incentives, and low-interest loans to reduce the costs associated with corporate transformation. Governments around the world promote the green transition of the vaccine industry, encouraging companies to adopt low-carbon and environmentally friendly production processes. Policies promote international collaboration in the vaccine industry, facilitating technological exchange and market expansion. **Market expansion and demand growth** The vaccine market size continues to expand due to the increasing global aging population and the rising demand for chronic disease prevention and control. Emerging markets and developing countries witness a surge in vaccine demand, with vaccination coverage rates steadily improving. Enhanced public health awareness has led to rapid growth in the adult vaccine market, including vaccines for influenza and HPV. **International collaboration and market development** The vaccine industry experiences strengthened international cooperation, enabling our Group to share resources and reduce costs through partnerships.	Long term

Opportunity Type	Opportunity Description	Timeframe
Technological innovation and product upgrade opportunity	**Application of new technologies** The rapid advancement of biotechnology, genetic engineering and mRNA technology has provided innovative approaches to vaccine R&D and production. **Personalized vaccine development** Leveraging genetic sequencing and big data analytics, personalized vaccines have emerged as a significant future development direction. Personalized vaccines can be tailored to individual genetic profiles, enhancing both safety and efficacy of vaccines. **Green production and sustainable development** The Group can adopt environmental production processes and optimize energy utilization, not only reducing carbon emissions but also enhancing brand reputation. Vaccine manufacturers committed to green production are more likely to gain market recognition, aligning with global sustainable development trends.	Long term
Emerging sectors and product segments market opportunity	**Emerging vaccine market potential** The innovative vaccine market areas such as chronic diseases and oncology, holds immense potential, including therapeutic vaccines and combination vaccines. The R&D and application of novel vaccines will create new growth opportunities for enterprises. **Segments market growth** The adult vaccine market experiences rapid growth, especially in preventive vaccines and therapeutic vaccines. There is an increasing demand for vaccines targeting specific group, such as the elderly and children, indicating a significant potential in segments market.	Long term

Opportunity Type	Opportunity Description	Timeframe
Brand and social value opportunity	**Enhancement of brand image** Actively engaging in global public health initiatives, promoting the widespread and equitable distribution of vaccines, and elevating the company's social reputation. The practices of green production and sustainable development contribute to enhancing the Group's image among the public and investors. **Driving sustainable development in the supply chain** By continuously strengthening its capacity to address climate change risks, the Group improves supply chain reliability, making both the Group and its suppliers and customers more resilient to climate change challenges. The Group proactively seeks low-carbon solutions in existing and new markets, collaborating with value chain participants to promote socially sustainable economic development. **Contributions to public health** The Group plays a significant role in addressing global public health challenges, meeting worldwide vaccine demand through technological innovation and increased production capacity. By participating in international vaccine programs, the Group enhances its influence in the global public health field.	Long term

Based on the assessment of climate-related risks and opportunities, we have formulated an energy saving and emission reduction plan, actively promoting its implementation. We conduct various energy-saving activities, actively advocate the concept of energy saving and carbon reduction to our employees, provide energy-saving recommendations, and encourage employees to practice these measures.

We continuously enhance our energy management to improve energy efficiency and optimize the use of resources such as water, electricity, and steam, thereby reducing unnecessary consumption. Meanwhile, we continue to advance the green and low-carbon transformation of our transportation processes. This includes replacing full truckload shipments with verified cold chain packaging, recycling cold chain packaging materials, reducing the use of dry ice, and intelligently planning transportation routes based on factors such as customer delivery time requirement and transport route, which contribute to the development of a green transportation system and mitigate climate-related impacts.

In addition, the Group actively improved its equipment management and set up a back-up system to minimize the impact of climate change on equipment operations. The Group are always aware of the risks associated with climate change and have established the Comprehensive Emergency Response Plans and Measures during the Reporting Period, which specifies the emergency response mechanism in case of extreme weather conditions such as typhoons and floods, so as to strengthen the Group's risk response level in an all-round manner.

6.2.3 Climate Change Risk Management

The Group has formulated a set of scientific climate change risk management processes, covering the identification, assessment, prioritization, and management of such risks. We have integrated climate risks into the Group's overall risk management process, ensuring that climate risks are managed in conjunction with other risks to enhance the overall effectiveness of our risk management.

We have has formulated a set of climate change risk management process to identify the likelihood of climate risks and the size of impact, and prioritize the corresponding risk strategies. Additionally, we have implemented a climate risk monitoring mechanism to regularly review the status and evolution of climate-related risks, ensuring the effectiveness of our climate risk management measures.

In the future, we will continue to dynamically assess and report on potential climate change-related risks and opportunities. We will promptly develop targeted response measures to continuously enhance our capability to address climate change challenges.

6.2.4 Performance and Metrics

We continue to advance the management of climate change-related matters. By leveraging our operational characteristics and resource capabilities, we have established a scientific and reasonable ESG metrics system, which provides reliable data support to achieve our greenhouse gas emission reduction targets and other objectives. For our climate change-related goals, please refer to the "6.1 Environmental Management" section of this report.

This report discloses our greenhouse gas emissions, energy usage, and other data for Scope 1 and Scope 2 in 2024. Specific data can see Appendix 1 ESG Quantitative Performance.

6.3 Environmental Impacts

6.3.1 Air Emissions

The Group implemented the Our Emissions to Air Management guidelines and Our Operating Procedures for Comprehensive Treatment of Solid, Liquid, and Gaseous Wastes to help reinforce the management of air emissions by identifying all exhaust emission points and detailing procedures for exhaust gas supervision and evaluation.

To reduce the adverse impact to the environment, the Group installed an exhaust filter to treat the exhaust gas from the biological safety cabinet in the microbiology laboratory before discharging. In addition, organic exhaust gas emission sources are sealed and packaged to reduce volatilization during usage.

In addition, the Group installed activated carbon adsorption purification equipment that adsorbs and purifies the exhaust gas from our animal laboratory to reduce the impact to the environment. Photo-oxygen catalytic equipment is also used to decompose and oxidize industrial exhaust gas, with exhaust gas degraded into low molecular compounds, such as water and carbon dioxide. The treated gas is then discharged through the exhaust pipe. To further strengthen the management of air emissions, the Group also engaged a qualified third party to regularly inspect air pollutants to ensure compliance in air emissions.

6.3.2 Waste Management

The Group's, Waste Management and the Operating Procedures for Comprehensive Treatment of Solid, Liquid and Gaseous Wastes policies help ensure that hazardous waste is stored properly by strictly regulating the processes of waste identification, collection, storage, transportation, etc.

The Group adheres to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes, implementing standardized management for the collection and storage of hazardous solid waste. We engage qualified third-party disposal units to regularly transfer and dispose of hazardous solid waste, ensuring compliance with all regulatory processes. Additionally, we conduct real-time monitoring of the inventory movements of hazardous solid waste and maintain records and archival documentation of relevant information. During the Reporting Period, the Group achieved 100% compliance in the storage and disposal of hazardous solid waste.

The Group adopted measures to recycle or reuse recyclable waste. The Group hands over non-hazardous waste to the municipal sanitation department for unified removal and has engaged a qualified third-party treatment company to dispose of hazardous waste. The Group also carried out closed-loop control during processes for temporary storage, transshipment and disposal, and endeavored to mitigate risks of hazardous waste leakage. At the same time, we have set up a backup waste disposal program to ensure timely and effective treatment of waste and reduce environmental risks by establishing a backup waste disposal contractor.

6.3.3 Discharge of Wastewater

To ensure compliance, the Group continuously enhanced its management of wastewater discharge and performs regular inspections. The Group also actively explored water saving opportunities, analyzed water usage, and improved water use efficiency. During the Reporting Period, the Group did not experience any issue with sourcing water.

The wastewater generated from daily operations is mainly industrial wastewater, domestic wastewater and rain. The Group's Water Management policy clearly states rules for wastewater discharge to make sure practices are in full compliance with the such national laws, regulations and standards. During the Reporting Period, we installed online wastewater testing equipment and engaged a qualified third party to conduct real-time wastewater data monitoring. After undergoing pretreatment, our wastewater met the discharge standards and was subsequently discharged into the municipal sewage treatment plant for further processing. Meanwhile, to further enhance the management of wastewater discharge, the Group arranged regular water sampling from the catch basin to identify wastewater leakage and address flow issues on a timely basis.

Water conservation remains one of the Group's priorities in environmental protection. To make full use of water resource, the Group posted water-saving notices at water sources and built a cooling pool and a collection tank for storage of recycled water for road cleaning.

In the future, we will continue to strengthen the control of wastewater discharge and ensure the monitoring of wastewater emissions in accordance with the discharge permits and relevant regulatory requirements.

7 SOCIAL RESPONSIBILITY

Since its establishment, the Group has remained steadfast in its dedication to both scientific innovation and equitable access, with the goal of delivering safe, high-quality and effective vaccines for China and the world.

> *Clover insists on source innovation and focuses on the field of respiratory vaccines, hoping to prevent more respiratory infectious diseases with high-quality vaccines, helps reduce the burden of public health!*
>
> *Joshua Liang, Chief Executive Officer and Executive Director of the Company*

7.1 Helping Improve Health Around the World

Relying on our self-developed, unique Trimer-Tag platform for protein trimerization-based vaccine research and development, we continue to deepen our presence in respiratory vaccines, and stay committed to realizing the vision of "unleashing the power of innovative vaccines to save lives and improve health around the world". We have independently developed COVID-19 vaccine and introduced quadrivalent seasonal influenza vaccine. We also strengthened disease education and expanded market access to increase the coverage of the influenza vaccine in vaccination centers in various provinces and cities, with a view to enhancing the protection for vulnerable and susceptible populations during the season of high incidence of respiratory infections.

Meanwhile, we actively participated in industry summits and related events to jointly promote industry development. During the Reporting Period, in view of the strategic focus on pipeline development and resource allocation logic of the Group, we actively engaged in full communication with global investors on the latest developments of global RSV vaccines, the clinical progress of our self-developed RSV vaccine candidate and their potential differentiation characteristics, so as to increase the market's continued attention to RSV vaccines, in the hope that our differentiated RSV vaccine products will help alleviate the disease burden caused by the respiratory syncytial virus. In addition, we also participated in a series of industry events, including the 2024 Vaccine and Immunization Conference, the 5th Vaccine Innovation Forum (VIF) World, the 2024 National Vaccine and Health Conference, the 6th Novel Vaccine and Nucleic Acid Therapeutics Research and Development and Industrialization Forum, the 2024 Public Health and Safety Conference in Greater Bay Area, the 3rd New Drug Research and Development Impact Conference in 2024, the 3rd Novel Vaccine Research and Development Summit and the 2024 World Vaccine Conference in Europe. We actively responded to global vaccine and prevention plans, conducted academic exchanges with many vaccine experts, and fostered dialogues with peers for potential strategic cooperation to promote vaccine research and development, thus contributing to global health and protecting the health of the public.

7.2 Addressing Unmet Medical Needs

The Group is also developing a portfolio of innovative and potential best-in-class vaccine candidates designed to address the prevention and medical needs of vulnerable and susceptible populations. In the future, as a local innovative vaccine company, the Group will continue to focus on the field of respiratory vaccines with "independent innovation" as its lifeblood. Currently, we are focusing on the clinical development of our self-developed respiratory syncytial virus (RSV) vaccine candidate, and in the long term, we will continue to focus on building a leading respiratory vaccine product portfolio to build a respiratory immune barrier for vulnerable and susceptible populations. We aim to build a "health umbrella" for families and individuals, promote the development of innovative vaccines, fulfill the corporate social responsibility and contribute to global health.

APPENDIX 1: ESG QUANTITATIVE PERFORMANCE[3]

Environmental
Aspects

KPIs[4]		Unit	2024
Emissions			
A1.1	Nitrogen oxides emissions	KG	0.77
	Sulfur oxide emissions	KG	0.03
	Particulate matter emissions	KG	0.06
A1.3[5]	Total hazardous wastes produced	Tonne	42.99
	Total hazardous wastes intensity	Tonne/Person	0.14
A1.4	Total non-hazardous wastes produced	Tonne	6.90
	Total Non-hazardous wastes intensity	Tonne/Person	0.02

3 Unless otherwise specified, our Group's environmental KPIs covers the research, production and office areas of the Zhejiang Clover and Sichuan Clover.

4 Unless otherwise specified, intensity values of environmental KPIs are calculated based on the total number of employees at Sichuan Clover and Zhejiang Clover in 2024.

5 The scope of disclosure of hazardous waste is defined according to the "Directory of National Hazardous Waste (2021 edition)《國家危險廢物名錄》(2021版))" published by the Ministry of Environmental Protection of the PRC.

Use of Resources[6]		Unit	2024
A2.1	Total energy consumption[7]	’000 kWh	8,763.20
	Total energy intensity	’000 kWh/Person	29.21
	Non-renewable fuel (direct) consumption	’000 kWh	20.75
	Petrol consumption	’000 kWh	18.16
	Diesel consumption	’000 kWh	2.59
	Purchase of energy (indirect) consumption	’000 kWh	8,742.45
	Electricity consumption	’000 kWh	2,739.79
	Steam consumption	’000 kWh	6,002.66
A2.2	Total water consumption	m^3	105,118.00
	Total water consumption intensity	m^3/Person	350.39
Climate-related Disclosures			
D28	Total GHG emissions (Scope 1+ Scope 2)	Tonne CO_2e	3,877.54
	Total GHG emissions intensity	Tonne CO_2e/Person	12.93
	GHG emissions[8] (Scope 1)	Tonne CO_2e	5.27
	GHG emissions[9] (Scope 2)	Tonne CO_2e	3,872.27

6 The Group did not produce any products during the Reporting Period, therefore, KPI A2.5 of the ESG Guide does not apply to the Group.

7 Energy heating value coefficient and calculation methodologies are determined under the “Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries (Trial)” published by the National Development and Reform Commission of the PRC on 6 July 2015.

8 GHG emissions (Scope 1) come from the combustion of fuel in stationary sources (diesel and petrol).

9 GHG emissions (Scope 2) come from the consumption of purchased electricity and steam at Sichuan Clover and Zhejiang Clover. According to “Appendix 2: Reporting Guidance on Environmental KPIs” (“**Appendix 2**”) of “How to prepare an ESG Report?” issued by The Stock Exchange of Hong Kong Limited, the greenhouse gas emission factors of electricity used at Sichuan Clover and Zhejiang Clover refer to the “Baseline Emission Factors of China’s Regional Power Grids for Emission Reduction Projects in 2019 (2019)” published by the Ministry of Ecology and Environment of the PRC on 29 December 2020, while the greenhouse gas emission factors of steam used at Zhejiang Clover refer to the “Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions in Enterprises in Other Industries (Trial)” published by the National Development and Reform Commission of the PRC on 6 July 2015.

Social Aspects

KPIs		Unit	2024
Employment			
B1.1	Total number of employees	Person	300
	Number of employees by gender		
	Male	Person	132
	Female	Person	168
	Number of employees by age		
	Under 30	Person	82
	30-50	Person	204
	Above 50	Person	14
	Number of employees by employment type		
	Legal employees	Person	290
	Labor dispatch	Person	10
	Number of employees by geographical region		
	Mainland China	Person	294
	HK, Macau & Taiwan	Person	3
	Other overseas area	Person	3
	Number of employees by employee category[10]		
	Senior management	Person	3
	Other management	Person	5
	General employee	Person	292

10 During the Reporting Period, the Group defines employee category as the following: Senior management refers to Chief Executive Officer, Chief Science Officer, Global R&D Head, Greater China General Manager. Other management refers to management member of Vice President level and above.

		Unit	2024
B1.2[11]	Turnover rate	%	13.79
	Turnover rate by gender		
	Male	%	16.77
	Female	%	11.67
	Turnover rate by age		
	Under 30	%	10.95
	30-50	%	15.49
	Above 50	%	11.76
	Turnover rate by geographical region		
	Mainland China	%	13.02
	HK, Macau & Taiwan	%	0.00
	Other overseas area	%	57.14
Health and Safety[12]			
B2.1	Number of work-related fatalities	Person	0
	Ratio of work-related fatalities	%	0.00
B2.2	Day lost due to work-related injury	Day	15
	Hours of health and safety training	Hour	121
	Number of fire drills	Number	2
Development and Training[13]			
B3.1	Ratio of employees trained	%	100
	Ratio of employees trained by gender		
	Male	%	44
	Female	%	56
	Ratio of employees trained by employee category		
	Senior Management	%	1.00
	Other Management	%	1.67
	General Employees	%	97.33

11 Turnover rates are calculated as the number of employees who left employment voluntarily in 2024 divided by the sum of the number of employees who left employment voluntarily and number of employees at the end of the Reporting Period.

12 Health and safety related data only covers Zhejiang Clover and Sichuan Clover. There were no work-related fatalities in 2022 and 2023.

13 The statistics on the training encompass all employees of the Group, namely the Company and its operating entities disclosed in the Annual Report.

		Unit	2024
B3.2	Average training hours per employee	Hour	8.43
	Average training hours per employee by gender		
	Male	Hour	8.43
	Female	Hour	8.43
	Average training hours per employee by employee category		
	Senior Management	Hour	8.43
	Other Management	Hour	8.43
	General Employees	Hour	8.43
Labour Standards			
B4.1	Incident of child or forced labour	Person	0
Supply Chain Management[14]			
B5.1	Total number of suppliers	Number	733
	Number of suppliers by geographical region		
	Mainland China	Number	606
	Outside Mainland China	Number	127
Anti-corruption			
B7.1	Number of concluded legal cases regarding corrupt practices brought against the Group or its employees	Number	0
B7.3	Hours of anti-corruption Training for Board members	Hour	3
	Hours of anti-corruption Training for employees	Hour	14

[14] KPI B5.2 of the ESG Guide are disclosed in the Sustainable Supply Chain section of the ESG Report.

APPENDIX 2: CONTENT INDEX OF THE ESG REPORTING GUIDE

ESG Indicator		Section
Mandatory Disclosure Requirements		
Governance Structure		
(i)	a disclosure of the board's oversight of ESG issues;	2.2
(ii)	the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	2.2
(iii)	how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	2.2
Reporting Principles		
Materiality	The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	1.2
Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	1.2
Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used (if any), or any other relevant factors affecting a meaningful comparison.	1.2
Reporting Boundary		
A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		1.3

ESG Indicator		Section
"Comply or explain" Provisions		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur-hexafluoride. Hazardous wastes are those defined by national regulations.	6.1 6.2 6.3
KPI A1.1	The types of emissions and respective emissions data.	Appendix 1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	6.1 6.2 6.3
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.1 6.3
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	6.1 6.2 6.3
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 1
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 1
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6.1 6.2 6.3
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.1 6.3
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group did not produce any products during the year, therefore, KPI A2.5 does not apply to the Group.

ESG Indicator		Section
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	6.1 6.3
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.1 6.3
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix 1
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 1
KPI B2.2	Lost days due to work injury.	Appendix 1
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3

ESG Indicator		Section
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	5.2
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 1
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix 1
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	5.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.2
KPI B5.1	Number of suppliers by geographical region.	Appendix 1
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.2
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.2
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.2

ESG Indicator		Section
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix 2[15]
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	3.1
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3
KPI B6.4	Description of quality assurance process and recall procedures.	3.1
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.3
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.1
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.1
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.1
KPI B7.3	Description of anti-corruption training provided to directors and staff.	4.1

15 During the Reporting Period, we have no recall cases of products sold or shipped or for safety or health reasons.

ESG Indicator			Section
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		7.1 7.2
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).		7.1 7.2
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.		7.1 7.2
Part D: Climate-related Disclosures			
This part will take effect for financial years beginning on or after 1 January 2025. During the Reporting Period, the Group made disclosures in accordance with Article 17(1) of Part D: "The issuer shall make mandatory disclosures of its Scope 1 GHG emissions and Scope 2 GHG emissions in accordance with the requirements under paragraphs 28(a), 28(b) and 29".			
28 The issuer shall disclose its total absolute GHG emissions during the reporting period (expressed in metric tonne CO_2e)	(a) (b)	Scope 1 GHG emissions Scope 2 GHG emissions	Appendix 1
29 The issuer shall:	(b)	disclose the methods used by the issuer to measure its GHG emissions, including: (i) the measurement methods, inputs and assumptions used by the issuer to measure its GHG emissions; (ii) why the issuer chooses the measurement methods, inputs and assumptions to measure its GHG emissions; and (iii) any changes to the measurement methods, inputs and assumptions made by the issuer during the reporting period and the reasons for such changes;	Appendix 1
	(c)	disclose its Scope 2 GHG emissions by region for Scope 2 GHG emissions disclosed under paragraph 28(b), and provide information on any required contractual instruments to facilitate the understanding of those emissions;	

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To the shareholders of Clover Biopharmaceuticals, Ltd.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Clover Biopharmaceuticals, Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 128 to 220, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

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

BASIS FOR OPINION

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

EMPHASIS OF MATTER – MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB903,428,000 during the year ended 31 December 2024 and the Group had net liabilities of RMB1,636,298,000 as of 31 December 2024. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Impairment of long-lived assets	
As at 31 December 2024, the carrying amount and impairment of the Group's long-lived assets was RMB163,542,000 and RMB14,007,000, respectively. Management assessed that there were indicators of impairment for the long-lived assets allocated to the cash-generating unit ("**CGU**") of research and development ("**R&D**") and manufacturing of vaccine products ("**vaccine CGU**") with carrying amount of RMB129,589,000, because the demand for the Group's commercialised Covid-19 vaccine has decreased to minimal and the other vaccine pipelines of the Group are still under development. Therefore, management conducted impairment testing on the vaccine CGU by comparing the carrying amount with the recoverable amount of the vaccine CGU, which is the higher of value in use and fair value less costs of disposal. The testing process is relatively complicated and involves significant estimates and judgements, subjective assumptions and estimation uncertainties of the management. The impairment testing is significant to our audit. The Group's disclosures about the impairment of long-lived assets are set out in note 2.4, note 3, note 7 and note 15.	• We reviewed management's assessment of impairment indicators and management's identification of CGUs and allocation of assets to each CGU; • We reviewed the future cash flow forecast and key assumptions adopted by the management; • We involved our valuation specialist to assist us in reviewing the key valuation parameters such as the discount rates and the valuation model used in the forecasted cash flows; • We performed sensitivity analysis on the discounted cash flow forecast; and • We reviewed the appropriateness and completeness of the disclosures in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

- 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tsang Pang Sum Joe.

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	38,419	39,255
Cost of sales	8	(16,841)	(15,014)
Gross profit		21,578	24,241
Other income and gains	6	97,215	2,571,354
Selling and distribution expenses		(19,705)	(54,766)
Administrative expenses		(75,172)	(198,816)
Research and development expenses		(183,387)	(649,885)
Other expenses	7	(738,201)	(1,811,944)
Finance costs	9	(5,756)	(18,723)
LOSS BEFORE TAX	8	(903,428)	(138,539)
Income tax expense	12	–	–
LOSS FOR THE YEAR		(903,428)	(138,539)
Attributable to:			
Owners of the parent		(903,428)	(138,539)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (EXPRESSED IN RMB PER SHARE)	14		
Basic and diluted		(0.72)	(0.11)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2024

	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR	(903,428)	(138,539)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	79,277	88,246
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	79,277	88,246
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(95,577)	(69,237)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(95,577)	(69,237)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(16,300)	19,009
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(919,728)	(119,530)
Attributable to:		
Owners of the parent	(919,728)	(119,530)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	107,439	149,720
Right-of-use assets	16	8,742	12,336
Intangible assets	17	33,354	39,859
Total non-current assets		149,535	201,915
CURRENT ASSETS			
Inventories	18	11,031	696,978
Trade receivables	19	40,993	24,106
Prepayments, other receivables and other assets	20	39,890	68,800
Financial assets at fair value through profit or loss	21	14,780	14,165
Time deposits and restricted cash	22	11,504	16,228
Pledged deposits	22	143,768	343,378
Cash and cash equivalents	22	401,243	735,864
Total current assets		663,209	1,899,519
CURRENT LIABILITIES			
Trade payables	23	120,453	247,829
Other payables and accruals	24	88,411	124,731
Derivative financial instruments	25	200	–
Interest-bearing bank borrowings	26	73,966	308,063
Contract liabilities	27	1,612,450	1,577,845
Lease liabilities	16	12,183	18,535
Total current liabilities		1,907,663	2,277,003
NET CURRENT LIABILITIES		(1,244,454)	(377,484)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,094,919)	(175,569)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	16	3,495	7,853
Deferred income	28	25,300	44,364
Non-current portion of trade payables	23	512,584	505,047
Total non-current liabilities		541,379	557,264
Net liabilities		(1,636,298)	(732,833)
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	838	838
Treasury shares	30	(26)	(30)
Reserves	32	(1,637,110)	(733,641)
Total deficit		(1,636,298)	(732,833)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2024

Year ended 31 December 2024	Attributable to owners of the parent							
	Share capital RMB'000 (note 30)	Treasury shares RMB'000 (note 30)	Merger reserve RMB'000 (note 32(a))	Share premium RMB'000 (note 32(b))	Share-based compensation reserve RMB'000 (note 32(c))	Exchange fluctuation reserve RMB'000 (note 32(d))	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2024	838	(30)	51,703	8,620,777	87,391	146,756	(9,640,268)	(732,833)
Loss for the year	–	–	–	–	–	–	(903,428)	(903,428)
Other comprehensive (loss)/income for the year:								
Exchange differences on translation of the Company	–	–	–	–	–	79,277	–	79,277
Exchange differences on translation of foreign operations	–	–	–	–	–	(95,577)	–	(95,577)
Total comprehensive (loss)/income for the year	–	–	–	–	–	(16,300)	(903,428)	(919,728)
Share issue expenses	–	–	–	(20)	–	–	–	(20)
Share-based compensation	–	–	–	–	16,278	–	–	16,278
Vesting of restricted share units	–	4	–	30,227	(30,231)	–	–	–
Exercise of share options	**	–	–	2,762	(2,757)	–	–	5
At 31 December 2024	838	(26)	51,703*	8,653,746*	70,681*	130,456*	(10,543,696)*	(1,636,298)

continued/…

Year ended 31 December 2023	Attributable to owners of the parent							
	Share capital RMB'000 (note 30)	Treasury shares RMB'000 (note 30)	Merger reserve RMB'000 (note 32(a))	Share premium RMB'000 (note 32(b))	Share-based compensation reserve RMB'000 (note 32(c))	Exchange fluctuation reserve RMB'000 (note 32(d))	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2023	835	(36)	51,703	8,562,410	90,933	127,747	(9,501,729)	(668,137)
Loss for the year	–	–	–	–	–	–	(138,539)	(138,539)
Other comprehensive (loss)/income for the year:								
Exchange differences on translation of the Company	–	–	–	–	–	88,246	–	88,246
Exchange differences on translation of foreign operations	–	–	–	–	–	(69,237)	–	(69,237)
Total comprehensive (loss)/income for the year	–	–	–	–	–	19,009	(138,539)	(119,530)
Share issue expenses	–	–	–	(54)	–	–	–	(54)
Share-based compensation	–	–	–	–	54,862	–	–	54,862
Vesting of restricted share units	–	6	–	47,810	(47,816)	–	–	–
Exercise of share options	3	–	–	10,611	(10,588)	–	–	26
At 31 December 2023	838	(30)	51,703*	8,620,777*	87,391*	146,756*	(9,640,268)*	(732,833)

* These reserve accounts comprise the consolidated reserves of RMB(1,637,110,000) (2023: RMB(733,641,000)) in the consolidated statement of financial position.

** The amount is less than RMB1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(903,428)	(138,539)
Adjustments for:			
Interest income	6	(23,685)	(16,118)
Finance costs	9	5,756	18,723
Depreciation of property, plant and equipment	15	28,406	38,300
Depreciation of right-of-use assets	16	5,627	30,935
Amortisation of intangible assets	17	6,290	5,507
(Gain)/loss on disposal of property, plant and equipment	6, 7	(28)	3
Gain on disposal of right-of-use assets	6	(2,257)	(2,309)
Loss on disposal of intangible assets	7	289	7,047
Impairment of right-of-use assets	7	–	8,210
Impairment of property, plant and equipment	7	14,007	2,099
Impairment of prepayments, other receivables and other assets	7	–	10,108
Share-based compensation expenses	31	16,278	53,515
Foreign exchange differences, net	7	23,657	34,982
Write-down of inventories to net realisable value	7	694,521	1,697,406
Fair value loss on derivative instruments	7	197	–
Fair value changes of financial assets at fair value through profit or loss	6	(399)	–
		(134,769)	1,749,869
Increase in inventories		(8,574)	(8,697)
Increase in trade receivables		(16,887)	(24,106)
Decrease in prepayments, other receivables and other assets		28,910	66,289
Decrease in trade payables		(127,376)	(104,088)
(Decrease)/increase in other payables and accruals		(69,016)	6,725
Increase in contract liabilities		34,605	22,548
Decrease in deferred income		(19,064)	(2,452,536)
Cash used in operations		(312,171)	(743,996)
Interest received		23,685	16,118
Net cash flows used in operating activities		(288,486)	(727,878)

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,133)	(6,952)
Purchases of intangible assets		(495)	(2,224)
Proceeds from disposal of property, plant and equipment		72	–
Decrease in time deposits and restricted deposits		4,724	3,015
Net cash flows from/(used in) investing activities		3,168	(6,161)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		80,277	460,792
Repayment of bank loans		(314,609)	(444,591)
Interest paid		(5,617)	(16,554)
Lease payments	16	(11,145)	(28,568)
Share issue expenses		(20)	(54)
Proceeds from exercise of options		5	84
Decrease/(increase) of pledged deposits		199,610	(113,517)
Net cash flows used in financing activities		(51,499)	(142,408)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(336,817)	(876,447)
Cash and cash equivalents at beginning of year		735,864	1,607,409
Effect of foreign exchange rate changes, net		2,196	4,902
CASH AND CASH EQUIVALENTS AT END OF YEAR		401,243	735,864
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	556,515	1,095,470
Cash and cash equivalents as stated in the statement of financial position		556,515	1,095,470
Time deposits and restricted cash	22	(11,504)	(16,228)
Pledged deposits	22	(143,768)	(343,378)
Cash and cash equivalents as stated in the consolidated statement of cash flows		401,243	735,864

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 31 October 2018. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Group was principally engaged in the research and development, manufacture and commercialisation of innovative vaccines.

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") effective from 5 November 2021.

Information about subsidiaries

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

Name	Place and date of incorporation/ registration and place of operations	Nominal value of ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Clover Biopharmaceuticals (Hong Kong) Co., Limited ("**Clover HK**")	Hong Kong 30 November 2018	HKD3,969,902,390	100%	–	Investment holding
Sichuan Clover Biopharmaceuticals, Inc. ("**Clover Sichuan**")* 四川三葉草生物製藥有限公司	People's Republic of China ("**PRC**")/ Mainland China** 4 June 2007	RMB1,398,796,254	–	100%	Research and development
Clover Biopharmaceuticals AUS Pty Ltd. ("**Clover AUS**")	Australia 6 June 2017	AUD119,717,637	100%	–	Research and development
Zhejiang Clover Biopharmaceuticals, Inc. ("**Clover Zhejiang**")* 浙江三葉草生物製藥有限公司	PRC/Mainland China*** 23 August 2016	RMB220,000,000	–	100%	Research and development
Clover Biopharmaceuticals (Beijing) Co., Ltd. ("**Clover Beijing**")* 克洛菲生物製藥(北京)有限公司	PRC/Mainland China*** 1 September 2020	RMB1,000,000	–	100%	Research and development
Clover Biopharmaceuticals USA, Inc. Clover Biopharmaceuticals USA, Inc. ("**Clover USA**")	United States 6 March 2020	USD50,000	–	100%	Research and development

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of ordinary/registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Clover Biopharmaceuticals (Shanghai) Co., Ltd. ("**Clover Shanghai**")* 愷洛菲生物製藥(上海)有限公司	PRC/Mainland China*** 9 February 2021	RMB1,000,000	–	100%	Research and development
Clover Biopharmaceuticals Ireland Limited ("**Clover Ireland**")	Ireland 14 April 2021	EUR1	–	100%	Research and development
Clover Biopharmaceuticals UK Ltd. ("**Clover UK**")	England and Wales 13 October 2021	GBP475	–	100%	Research and development
Clover Biotechnology (Shanghai) Co., Ltd.* 愷洛菲生物科技(上海)有限公司	PRC/Mainland China*** 9 March 2022	RMB100,000,000	–	100%	Research and development
Zhejiang Clover Biomedical Management Co., Ltd.* 浙江三葉草生物醫藥經營有限公司	PRC/Mainland China*** 8 November 2023	RMB10,000,000	–	100%	Sale of biopharmaceutical drugs

* The English names of the companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

** Registered as a wholly-foreign-owned enterprise under PRC law.

*** Limited liability companies established in PRC.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared on the assumption that the Group will continue as a going concern, which assumes that the Group will be able to meet its obligations and continue its operations for the next twelve months after 31 December 2024 notwithstanding that as at 31 December 2024, the Group had net liabilities of RMB1,636,298,000 comprised of contract liabilities of RMB1,612,450,000 and non-current portion of trade payables of RMB512,584,000 and incurred a net loss of RMB903,428,000 for the year ended 31 December 2024. There is a dispute between the Group and the Global Alliance for Vaccines and Immunization ("**GAVI**") on the contract liabilities which represented the advanced payment received from GAVI amounting to USD224,000,000 or equivalent to RMB1,612,450,000 as at 31 December 2024. GAVI asserted that it is entitled to a repayment of the entire amount of the advanced payment and issued a letter of claim dated 21 March 2025 which claims for an immediate repayment by the Group of the advanced payment of USD224,000,000, details of which are included in note 27 to the financial statements.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to maintain the Group's cashflow situation. The measures taken by the Group include, but not limited to, the following:

(i) With the assistance of outside legal counsel, the directors assessed the potential impact on the Group's projections on the operating results and the cashflows for a period of twelve months from 31 December 2024, arising in connection with the dispute with GAVI and the letter of claim dated 21 March 2025 ("**Claim**") and the notice of termination dated 21 March 2025 from GAVI, aiming to strenuously and unambiguously defend the Claim which the Group believes is without merit. The Group has also engaged outside legal counsel to assist in a robust and vigorous defense in the event that proceedings are subsequently initiated by GAVI, and the Group will diligently endeavor to secure the most advantageous outcome for the Group. In addition, management has assessed any other consequential impact resulted from the aforesaid dispute with GAVI which might affect the business and contractual relationship with the Group's other stakeholders including but not limited to customers, suppliers and other service providers;

(ii) The Group has implemented a range of strategies and initiatives to fortify the capital base of the Group, which include but not limited to raising new capital or financing, the reduction of non-core expenditures, such as further reprioritisation of pipelines and containment of general and administrative expenses; and

(iii) The Group will evaluate potential opportunities for strategic cooperation with alternative financing solutions which may be contingent upon the progress in development of the pipeline assets. Such initiatives, if successful, could enhance the Group's working capital and liquidity positions.

2.1 BASIS OF PREPARATION (CONTINUED)

The board of directors have reviewed the Group's cash flow projections prepared by management, which cover a period of twelve months from 31 December 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months after 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) The outcome of the dispute with GAVI and the subsequent proceedings, if initiated by GAVI, are not expected to conclude in 2025 and incur significant cash outflows for the next twelve months after 31 December 2024. The Group's other stakeholders, including but not limited to customers, suppliers and other service providers, are not expected to be affected by the Group's dispute with GAVI and are not expected to have any other new claims against the Group or acceleration of settlement of any current or non-current liabilities under the existing payment terms;

(ii) The successful and timely implementation of the strategies and initiatives to raise new capital or financing, control costs and reduce expenditures; and,

(iii) The successful and timely implementation of strategic cooperation with alternative financing solutions achieved by the Group.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Basis of consolidation

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

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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

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

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

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

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

or

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5%
Machinery	10%
Electronic and other equipment	20% to 33%
Vehicles	25%
Leasehold improvements	Over the shorter of the residual useful life and lease terms

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Intangible assets not yet available for use are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 3 to 10 years. The estimated useful life of software is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

Research and development costs

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

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

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

Leases

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

Group as a lessee

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(a) *Right-of-use assets*

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

Categories	Estimated useful lives
Leasehold buildings	2 to 4 years
Office equipment	3 years

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

(b) *Lease liabilities*

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

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

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables, derivative financial instruments, interest-bearing bank borrowings and financial liabilities included in other payables and accruals.

The Group classifies financial liabilities that arise from a supplier finance arrangement within trade and bills payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in trade and bills payables in the statement of financial position are included in operating activities in the statement of cash flows. Otherwise, the financial liabilities are classified in interest-bearing bank and other borrowings in the statement of financial position and the related cash flows are included in financing activities in the statement of cash flows.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign exchange swap, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax

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

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

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

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

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

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

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

Government grants

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

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

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

Sale of vaccines

Revenue from the sale of vaccines is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the vaccines or receipt of the vaccines by customers.

Contracts for the sale of vaccines provide customers with rights of return, giving rise to variable consideration.

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based compensation

The Company operates a share option scheme and a restricted share unit scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binominal model, further details of which are given in note 31 to the financial statements.

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based compensation (Continued)

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

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

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

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options and restricted share units is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed dividends are disclosed in the notes to the financial statements.

Foreign currencies

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. The functional currency of the Company is the United States Dollar ("**USD**"). As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Revenue from contracts with customers

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

Determining the method to estimate variable consideration and assessing the constraint for the sale of vaccines:

Contracts for the sale of vaccines include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of vaccines with rights of return.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of buildings due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainty

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

Variable consideration for returns

The Group estimates variable consideration to be included in the transaction price for the sale of vaccines with rights of return.

The Group has developed a statistical model for forecasting sales returns. The model used the collected vaccination data of vaccine products to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration.

The Group updates its assessment of expected returns annually and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at 31 December 2024, the amount recognised as refund liabilities was RMB18,219,000 (2023: RMB29,907,000) for the expected returns.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

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

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised 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.

Provision for inventories

The Group reviews the carrying amounts of the inventories at the end of each of the reporting period to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on current market situation and historical experience. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-down and affect the Group's financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Useful lives of intangible assets

The intangible assets are amortised on the straight-line basis by taking into account the residual value. The Group reviews the estimated useful lives on an annual basis to determine the related amortisation charges for its intangible assets. The estimation is based on the legal protection period, with consideration of market condition. Management will increase the amortisation charges when useful lives become shorter than previously estimated.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and the related depreciation charge for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation charge in the future periods.

Accrual of research and development costs

The Group engages contract research organizations ("**CROs**") and contract development and manufacturing organizations ("**CDMOs**") (collectively referred as "**Outsourced Service Providers**") to conduct, supervise, and monitor the Group's clinical trials, or to develop manufacturing processes to support the Group's own manufacturing capacities. Determining the amounts of research and development costs incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestone achieved when the Group has not yet been invoiced or otherwise notified of the actual costs.

Fair value measurement of share-based payments

The Group has set up the share option scheme and granted options to the Group's employees, and granted restricted share units to the Company's directors and the Group's consultants. The fair value of the options is determined by the binominal option-pricing model at the grant dates for options granted to directors and employees, and at the service provision dates for the consultants. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by management. Further details are included in note 31 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Further details are included in note 12 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one operating segment, which is the research and development, manufacturing and commercialisation of innovative vaccines. Since this is the only reportable operating segment of the Group, no further operating segment analysis therefore is presented.

Geographical information

(a) *Revenue from external customers*

	2024 RMB'000	2023 RMB'000
Mainland China	35,177	39,255
Korea	3,242	–
Total	38,419	39,255

The revenue information of continuing operations above is based on the locations of the customers.

(b) *Non-current assets*

	2024 RMB'000	2023 RMB'000
Mainland China	149,535	199,090
Other countries/regions	–	2,825
Total non-current assets	149,535	201,915

The non-current asset information above is based on the locations of the assets.

Information about a major customer

Revenue amounting to RMB35,178,000 (2023: RMB39,247,000) was derived from sales to a single customer.

5. REVENUE

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	38,419	39,255

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	2024 RMB'000	2023 RMB'000
Types of good		
Vaccines	35,177	39,255
Adjuvant	3,242	–
Total	38,419	39,255
Timing of revenue recognition		
Goods transferred at a point in time	38,419	39,255

(b) *Performance obligations*

Sale of vaccines

The performance obligation is satisfied upon delivery of the vaccines or receipt of the vaccines by customers and payment is generally due within 3 months to 1 year from release or delivery. The contracts provide customers with rights of return which give rise to variable consideration subject to constraint.

Sale of adjuvant

The performance obligation is satisfied upon receipt of the adjuvant to customers and payment is generally due within 1 months from delivery. The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2024 RMB'000	2023 RMB'000
Waiver of trade payables*	34,690	–
Bank interest income	23,685	16,118
Funding from Coalition for Epidemic Preparedness Innovations ("**CEPI**")**	19,574	2,540,497
Government grants***	14,760	7,136
Rental income (note 16)	1,192	2,040
Fair value gains, net:		
Financial assets at fair value through profit or loss	399	–
Gain on disposal of property, plant and equipment	32	–
Gain on disposal of right-of-use assets	2,257	2,309
Others	626	3,254
Total	97,215	2,571,354

* In June 2024, the Group entered into a settlement agreement with one of its vendors, pursuant to which the vendor waived part of the Group's payables under the service agreement between the two parties as an incentive for the Group to settle the amount due to the vendor. This waiver of debt is recognised in other income and gains, as all contractual obligations under the service agreement have been fulfilled by the vendor, and no additional services or goods are to be exchanged for the waived liability.

** Funding received from CEPI amounting to RMB19,574,000 was recognised in other income because the conditions attached to the funding have been fulfilled during the year ended 31 December 2024 as further explained in note 28.

*** Government grants have been received from the local government authorities to support the subsidiaries' research and development activities and purchase of certain items of property, plant and equipment. There are no unfulfilled conditions related to these government grants.

7. OTHER EXPENSES

	2024 RMB'000	2023 RMB'000
Write-down of inventories to net realisable value*	694,521	1,697,406
Foreign exchange differences, net	23,657	34,982
Impairment of property, plant and equipment (note 15)	14,007	2,099
Severance costs	1,893	33,630
Loss on disposal of intangible assets	289	7,047
Net fair value loss on foreign exchange swap	197	–
Loss on disposal of property, plant and equipment	4	3
Additional costs for termination of the Shanghai R&D Center project	–	3,981
Impairment of prepayments, other receivables and other assets	–	10,108
Impairment of right-of-use assets (note 16)	–	8,210
Others	3,633	14,478
Total	738,201	1,811,944

* Write-down of inventories to net realisable value during the year ended 31 December 2024 is further explained in note 18.

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		16,841	15,014
Research and development costs (excluding related employee benefit expenses, depreciation and amortisation)		51,971	359,798
Depreciation of property, plant and equipment		28,406	34,183
Depreciation of right-of-use assets	16	5,627	30,935
Amortisation of intangible assets	17	6,290	5,507
Lease payments not included in the measurement of lease liabilities	16	575	3,020
Auditor's remuneration		2,353	2,891
Employee benefit expenses (including directors' and chief executive's remuneration):			
Wages, salaries and welfare		136,626	315,905
Pension scheme contributions		11,698	22,193
Share-based compensation expenses		14,584	52,155
Total of employee benefit expenses		162,908	390,253

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank loans	5,104	16,331
Interest on lease liabilities (note 16)	652	2,392
Total	5,756	18,723

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2024 RMB'000	2023 RMB'000
Fees	1,168	1,868
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	4,393	7,192
Share-based compensation expenses*	18,199	32,777
Subtotal	22,592	39,969
Total	23,760	41,837

During the year, certain directors were granted share options and restricted share units, in respect of their services to the Group, under the share option scheme and restricted share unit scheme of the Company, further details of which are set out in note 31 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

* Share-based compensation are settled in equity.

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

(a) Independent non-executive directors

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

	Share-based compensation expenses RMB'000	Fees RMB'000	Total remuneration RMB'000
Year ended 31 December 2024			
Dr. Xiaobin Wu	1,870	239	2,109
Mr. Xiang Liao	1,870	218	2,088
Mr. Jeffrey Farrow	1,870	154	2,024
Mr. Thomas Leggett	1,870	268	2,138
Total	7,480	879	8,359

	Share-based compensation expenses RMB'000	Fees RMB'000	Total remuneration RMB'000
Year ended 31 December 2023			
Dr. Xiaobin Wu	2,942	338	3,280
Mr. Xiang Liao	2,942	317	3,259
Mr. Jeffrey Farrow	2,942	254	3,196
Mr. Thomas Leggett	2,942	367	3,309
Total	11,768	1,276	13,044

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

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

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

	Salaries, bonuses, allowances and benefits in kind RMB'000	Share-based compensation expenses RMB'000	Fees RMB'000	Total remuneration RMB'000
Year ended 31 December 2024				
Executive directors:				
Dr. Peng Liang	4,393	1,493	–	5,886
Mr. Joshua Liang (chief executive)*	–	6,664	–	6,664
Subtotal	4,393	8,157	–	12,550
Non-executive directors:				
Dr. Xiaodong Wang	–	1,870	139	2,009
Mr. Donna Marie Ambrosino	–	346	75	421
Mr. Ralf Leo Clemens	–	346	75	421
Subtotal	–	2,562	289	2,851
Total	4,393	10,719	289	15,401
Year ended 31 December 2023				
Executive directors:				
Dr. Peng Liang	2,805	3,024	–	5,829
Mr. Joshua Liang (chief executive)	4,387	13,003	–	17,390
Subtotal	7,192	16,027	–	23,219
Non-executive directors:				
Dr. Xiaodong Wang	–	2,942	240	3,182
Mr. Donna Marie Ambrosino	–	731	176	907
Mr. Ralf Leo Clemens	–	1,309	176	1,485
Subtotal	–	4,982	592	5,574
Total	7,192	21,009	592	28,793

* Mr. Joshua Liang has agreed to waive the cash based compensation during the year.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2024 included two executive directors (2023: included two executive directors), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	8,975	14,069
Pension scheme contributions	1,517	2,282
Share-based compensation expenses	3,147	10,510
Total	13,639	26,861

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

	Year ended 31 December	
	2024	2023
HKD3,500,001 to HKD4,000,000	1	–
HKD4,500,001 to HKD5,000,000	1	–
HKD6,000,001 to HKD6,500,000	1	–
HKD8,000,001 to HKD8,500,000	–	1
HKD9,500,001 to HKD10,000,000	–	1
HKD11,000,001 to HKD11,500,000	–	1
Total	3	3

12. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong. The first HKD2,000,000 (2023: HKD2,000,000) of assessable profits of this subsidiary are subject to 8.25% (2023: 8.25%) and the remaining assessable profits are subject to 16.5% (2023: 16.5%). No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the year.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% (2023: 25%) on the taxable income.

Australia

The subsidiary incorporated in the Australia is subject to Australia statutory corporate income tax at a rate of 30% (2023: 30%). However, the rate is reduced to 25% (2023: 25%) following a preliminary assessment of the base rate entity rules in accordance with the Australian tax law during the year.

United States of America

The subsidiary incorporated in Delaware, United States was subject to statutory United States federal corporate income tax at a rate of 21% (2023: 21%) during the year.

United Kingdom

The subsidiary incorporated in the United Kingdom is subject to corporation income tax on its worldwide profits at 19% (2023: 19%) during the year.

Ireland

The subsidiary incorporated in Ireland is subject to Ireland corporate income tax at a rate of 25% (2023: 25%) on the estimated assessable profits arising in Ireland during the year.

12. INCOME TAX (CONTINUED)

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the majority of the Group's subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	(903,428)	(138,539)
Tax at the statutory tax rate of 25%	(225,857)	(34,635)
Effect of tax rate differences in other jurisdictions	7,977	30,684
Expenses not deductible for tax	10,166	8,315
Additional deductible allowance for qualified research and development costs	(19,292)	(17,964)
Tax losses utilised from previous periods	(15,604)	(1,506)
Deductible temporary differences not recognised	125,318	(253,482)
Tax losses not recognised	117,292	268,588
Tax charge at the Group's effective tax rate	–	–

The Group had accumulated tax losses of RMB3,112,281,000 (2023: RMB2,755,266,000) as at 31 December 2024, out of which the Group's entities in the Mainland China had accumulated tax losses of RMB2,383,675,000 (2023: RMB2,047,015,000), while the Group's overseas entities had accumulated tax losses of RMB728,606,000 (2023: RMB708,251,000). Tax losses in the Mainland China are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose, while the tax losses incurred by overseas entities can be carried forward without a period limit.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

13. DIVIDENDS

No dividends have been declared and paid by the Company for the year ended 31 December 2024 (2023: nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of RMB903,428,000 (2023: RMB138,539,000) and the weighted average number of ordinary shares. The weighted average number of shares for the year ended 31 December 2024 was determined based on 1,253,673,382 shares outstanding during the year (2023: 1,243,504,146).

As the Group incurred losses, no adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2024 (2023: nil) as the impact of the share options and restricted share units outstanding had an anti-dilutive effect on the basic loss per share amount presented. Accordingly, the dilutive loss per share amounts for the years ended 31 December 2024 and 2023 are the same as the basic loss per share amounts.

The calculation of basic and diluted loss per share is based on:

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to owners of the parent, used in the basic loss per share calculation:	(903,428)	(138,539)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation:	1,253,673,382	1,243,504,146

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Electronic and other equipment RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024:							
Cost	29,799	104,130	42,830	291	35,789	25,278	238,117
Accumulated depreciation and impairment	(3,931)	(27,079)	(30,179)	(264)	(26,944)	–	(88,397)
Net carrying amount	25,868	77,051	12,651	27	8,845	25,278	149,720
At 1 January 2024, net of accumulated depreciation	25,868	77,051	12,651	27	8,845	25,278	149,720
Additions	–	–	–	–	–	250	250
Depreciation provided during the year	(1,491)	(10,729)	(9,310)	(27)	(6,849)	–	(28,406)
Impairment (note 7)	–	–	–	–	–	(14,007)	(14,007)
Transfers	–	10,472	548	–	427	(11,521)	(74)
Disposals	–	–	(44)	–	–	–	(44)
At 31 December 2024, net of accumulated depreciation	24,377	76,794	3,845	–	2,423	–	107,439
At 31 December 2024:							
Cost	29,799	114,602	43,143	291	24,713	14,007	238,058
Accumulated depreciation and impairment	(5,422)	(37,808)	(39,298)	(291)	(22,290)	(14,007)	(130,619)
Net carrying amount	24,377	76,794	3,845	–	2,423	–	107,439

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's long-lived assets comprises of property, plant and equipment, intangible assets and right of use assets. As at 31 December 2024, because the demand for the Group's commercialised Covid-19 vaccine has decreased to minimal and the other vaccine pipelines of the Group are still under development, there were impairment indicators for the long-lived assets allocated to the cash-generating unit ("**CGU**") of research and development ("**R&D**") and manufacturing of vaccine products ("**vaccine CGU**") with carrying amount of RMB129,589,000 and book value of RMB115,582,000, so the Group performed an impairment test on vaccine CGU. The recoverable amount of the vaccine CGU was RMB175,310,000 which was determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management. The discount rate applied in the cash flow projections was 14%. Based on the impairment test, the recoverable amount of vaccine CGU exceeded its book value, so no impairment loss needed to be recognised. Among the vaccine CGU, there were certain unfinished commissioning manufacture equipment included in construction in progress (CIP), amounting to RMB14,007,000. Management determined that these unfinished commissioning manufacture equipment were not expected to be utilized in the R&D and manufacturing of vaccines in accordance with the current business plan, therefore, full impairment provision was made on these CIP. The impairment loss was included in other expenses in the consolidated statement of profit or loss.

The key assumptions involved in the impairment test were the discount rate and revenue. If the discount rate increased by 2%, recoverable amount of the vaccine CGU would decrease by RMB47,458,000 no impairment loss was needed to be recognised during the year. If the revenue decreased by 10%, recoverable amount of the vaccine CGU would decrease by RMB57,806,000, no impairment loss was needed to be recognised during the year.

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Machinery RMB'000	Electronic and other equipment RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
At 1 January 2023:							
Cost	29,746	85,699	42,375	291	31,597	44,080	233,788
Accumulated depreciation	(2,442)	(15,901)	(17,154)	(188)	(12,313)	–	(47,998)
Net carrying amount	27,304	69,798	25,221	103	19,284	44,080	185,790
At 1 January 2023, net of accumulated depreciation	27,304	69,798	25,221	103	19,284	44,080	185,790
Additions	–	–	–	–	–	4,072	4,072
Depreciation provided during the year	(1,489)	(11,178)	(13,025)	(76)	(12,532)	–	(38,300)
Impairment (note 7)	–	–	–	–	(2,099)	–	(2,099)
Transfers	53	18,434	450	–	3,937	(22,874)	–
Disposals	–	(3)	–	–	–	–	(3)
Exchange realignment	–	–	5	–	255	–	260
At 31 December 2023, net of accumulated depreciation	25,868	77,051	12,651	27	8,845	25,278	149,720
At 31 December 2023:							
Cost	29,799	104,130	42,830	291	35,789	25,278	238,117
Accumulated depreciation and impairment	(3,931)	(27,079)	(30,179)	(264)	(26,944)	–	(88,397)
Net carrying amount	25,868	77,051	12,651	27	8,845	25,278	149,720

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and office equipment used in its operations. Leases of buildings generally have lease terms between 2 and 4 years and leases of office equipment generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(1) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold buildings RMB'000	Office equipment RMB'000	Total RMB'000
At 1 January 2023	55,926	28	55,954
Reassessment of a lease term arising from a decision not to exercise the extension option	–	(25)	(25)
Reassessment of a lease term arising from a decision to exercise the extension option	2,740	–	2,740
Disposals	(7,585)	–	(7,585)
Depreciation charge (note 8)	(30,932)	(3)	(30,935)
Impairment (note 7)	(8,210)	–	(8,210)
Exchange realignment	397	–	397
At 31 December 2023 and 1 January 2024	12,336	–	12,336
Addition	2,117	–	2,117
Disposals	(90)	–	(90)
Depreciation charge (note 8)	(5,627)	–	(5,627)
Exchange realignment	6	–	6
At 31 December 2024	8,742	–	8,742

16. LEASES (CONTINUED)

The Group as a lessee (Continued)

(2) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	26,388	60,308
New leases	2,117	–
Accretion of interest recognised during the year	652	2,392
Reassessment of a lease term arising from a decision not to exercise the extension option	–	(25)
Reassessment of a lease term arising from a decision to exercise the extension option	–	2,740
Disposals	(2,347)	(9,894)
Payments	(11,145)	(28,568)
Exchange realignment	13	(565)
Carrying amount at 31 December	15,678	26,388
Analysed into:		
Current portion	12,183	18,535
Non-current portion	3,495	7,853

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities	5	2025	12,183	5	2024	18,535
Non-current						
Lease liabilities	5	2026-2027	3,495	5	2025-2027	7,853
			15,678			26,388

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

16. LEASES (CONTINUED)

The Group as a lessee (Continued)

(3) ***The amounts recognised in profit or loss in relation to leases are as follows:***

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities (note 9)	652	2,392
Depreciation charge of right-of-use assets (note 8)	5,627	30,935
Expense relating to short-term leases and leases of low-value assets (note 8)	575	3,020
Impairment of right-of-use assets (note 7)	–	8,210
Total amount recognised in profit or loss	6,854	44,557

(4) ***Extension and termination options***

The Group had no lease contracts that included extension or termination options as at 31 December 2024 and 2023. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs.

(5) The total cash outflow for leases is disclosed in note 33(c) to the financial statements.

The Group as a lessor

The Group subleases its right-of-use assets under operating lease arrangements. Rental income recognised by the Group for the year ended 31 December 2024 was RMB1,192,000 (2023: RMB2,040,000), details of which are included in note 6 to the financial statements.

17. INTANGIBLE ASSETS

	Know-how RMB'000	Software and others RMB'000	Total RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	–	39,859	39,859
Transfer from property, plant and equipment (note 15)	–	74	74
Amortisation provided during the year (note 8)	–	(6,290)	(6,290)
Disposals	–	(289)	(289)
At 31 December 2024	–	33,354	33,354
At 31 December 2024			
Cost	35,805	48,406	84,211
Accumulated amortisation	(35,805)	(15,052)	(50,857)
Net carrying amount	–	33,354	33,354
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	–	34,998	34,998
Additions	–	17,415	17,415
Amortisation provided during the year (note 8)	–	(5,507)	(5,507)
Disposals	–	(7,047)	(7,047)
At 31 December 2023	–	39,859	39,859
At 31 December 2023			
Cost	35,805	48,765	84,570
Accumulated amortisation	(35,805)	(8,906)	(44,711)
Net carrying amount	–	39,859	39,859

18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	2,463,662	2,496,550
Work in progress	58,668	190,495
Finished goods	78,752	86,938
Impairment	(2,590,051)	(2,077,005)
Total	11,031	696,978

The Company periodically analyses the inventories for excess amounts or obsolescence and makes inventory provision to write down obsolete or otherwise unmarketable inventory to its estimated net realisable value. The inventory provision is estimated based on multiple factors, including assumptions about expected future demand and market conditions, current sales orders, the estimated costs to be incurred to sale, and the expiry dates of inventories.

During the year, the Group has made a provision of RMB694,521,000 for raw materials, work in progress and finished goods that were not expected to be used or sold within the useful life due to the changes in the market conditions, which have affected the respective sales plans and expected future usage.

During the year, as certain inventories were scrapped or utilised, the Group wrote off the inventory provision of RMB181,475,000.

19. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	40,993	24,106
Impairment	–	–
Net carrying amount	40,993	24,106

The Group's trading terms with its customers are mainly on credit. The credit period is generally 3 months to 1 year, depending on the contract terms. Each customer has a maximum credit limit. The majority of the Group's trade receivables relate to one major customer, as such, there is a concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

19. TRADE RECEIVABLES (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
Within 6 months	40,989	24,104
Over 6 months	4	2
Total	40,993	24,106

An impairment analysis is performed at each reporting date. The Group has applied the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The directors of the Company are of the opinion that the ECL in respect of the balance of trade receivables is minimal. No loss allowance for impairment of trade receivables is provided as at 31 December 2024 (2023: nil).

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments	27,402	30,924
Value-added tax recoverable	7,843	10,031
Other receivables	16,371	39,571
	51,616	80,526
Impairment allowance	(11,726)	(11,726)
Total	39,890	68,800

Prepayments primarily consisted of advance payments to suppliers for raw materials, research and development services and machinery.

Value-added tax recoverable represented the value-added tax that can be used for future deduction.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

The financial assets included in the above balances are other receivables that primarily consisted of deposits relating to office lease or services, which are non-interest-bearing, unsecured and repayable at the end of the lease or when the related services are completed. As at 31 December 2024, none of the balances of other receivables, except for the amount mentioned below which has been fully provided, is either due or impaired as they related to balances for which there was no history of default.

The movements in the loss allowance for impairment of prepayments, other receivables and other assets are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	(11,726)	(9,424)
Impairment losses	–	(10,108)
Amount written off as uncollectible	–	7,806
At end of year	(11,726)	(11,726)

The impairment of prepayments, other receivables and other assets was mainly in relation to the termination of procurement contracts of equipment.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Investments in financial products, at fair value	14,780	14,165

As at 31 December 2024, the investments in financial products were issued by a private fund company registered in Cayman Islands (2023: issued by a private fund company registered in Cayman Islands). They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	401,243	735,864
Time deposits and restricted cash	11,504	16,228
Pledged deposits	143,768	343,378
Subtotal	556,515	1,095,470
Less:		
Time deposits with original maturity more than three months	–	(2,943)
Restricted cash*	(11,504)	(13,285)
Pledged for short term bank loans (note 26)	–	(201,724)
Pledged for banking facilities (note 26)	(143,768)	(141,654)
Cash and cash equivalents	401,243	735,864
Denominated in:		
RMB	217,724	566,718
USD	92,340	72,720
AUD	4,887	15,674
HKD	78,963	80,011
GBP	7,328	740
EUR	1	1
Cash and cash equivalents	401,243	735,864

* The restricted cash as at 31 December 2024 and 2023 mainly included government funding received by Clover Sichuan, the withdrawal of which is subject to the approval of the government authority. The restricted cash as at 31 December 2024 also included deposits pledged for credit card and deposits as guarantee for payment, which could not be freely withdrawn.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. The remittance of funds out of Mainland China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for periods between three months and one year depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

23. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 6 months	35,653	156,119
6 to 12 months	23,781	52,815
Over 1 year	573,603	543,942
Total	633,037	752,876
Analysed into:		
Current portion	120,453	247,829
Non-current portion	512,584	505,047

The trade payables are non-interest-bearing and are normally settled on 60-day terms, except for certain suppliers with specified payment terms.

Non-current portion of trade payables of USD71,307,000, equivalent to RMB512,584,000, represented the trade payables due to Dynavax Technologies Corporation ("**Dynavax**") for procurement of CpG 1018 adjuvant, which was included in trade payables. During the year ended 31 December 2024, the Company had reassessed the payment terms under the purchase agreement with Dynavax and confirmed with Dynavax on the amounts payable and the respective timing of payment. The amount of USD71,307,000 (equivalent to RMB512,584,000 as of 31 December 2024 and RMB505,047,000 as of 31 December 2023) was classified as non-current portion of trade payables to reflect the timing of settlement of the payables to Dynavax, which would be over 12 months from the balance sheet date.

24. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Refund liability*	27,424	29,907
Payroll payable	21,726	37,943
Service fee payable	19,435	29,611
Other payables	17,351	21,237
Payables for acquisition of property, plant and equipment	1,378	2,441
Receipt in advance	–	525
Taxes other than income tax	1,097	3,067
Total	88,411	124,731

* A refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. The Group estimates the future sales return of the goods sold and a corresponding adjustment to revenue is recognised for those products expected to be returned.

Other payables and accruals are non-interest-bearing and have no fixed terms of settlement.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2024 RMB'000	2023 RMB'000
Foreign exchange swap	200	–

The Group has entered into a foreign exchange swap to manage its exchange rate exposures. The foreign exchange swap is not designated for hedging purposes and is measured at fair value through profit or loss. A net fair value loss of the non-hedging foreign exchange swap amounting to RMB200,000 was recognised in other expenses during the year ended 31 December 2024.

26. INTEREST-BEARING BANK BORROWINGS

	2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	1.25-3.60	2025	73,966

	2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – secured	3.45-7.33	2024	308,063

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable:		
within one year	73,966	308,063

Notes:

(a) The bank borrowings bear fixed interest rates ranging from 1.2500% to 3.6000% per annum (2023: 3.4500% to 7.3261%).

(b) The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
USD	–	26,032
RMB	73,966	282,031
Total	73,966	308,063

(c) The carrying amounts of the current bank borrowings approximate to their fair values.

(d) All of the Group's bank loans are secured by the pledge of certain of the Group's deposits amounting to RMB 143,768,000 (2023: RMB343,378,000).

27. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Advances from customers	1,612,450	1,577,845

Contract liabilities represented the advances received from the Global Alliance for Vaccines and Immunization ("**GAVI**") to deliver the Company's SCB-2019 (CpG 1018/Alum) vaccines (the "**Vaccines**"). In June 2021, the Company and GAVI entered into the Advance Purchase Agreement ("**APA**"), pursuant to which GAVI agreed to procure (i) 64 million doses of Vaccines, and (ii) up to 350 million doses of Vaccines pursuant to the options stated therein. The advances could be used to fund non-refundable payments to the Group's suppliers to secure for procurement of raw materials and services required to manufacture any of the firm order commitment and/or the additional doses. On 15 September 2022, the Company and GAVI entered into and signed an amendment to the APA (the "**amended APA**"), pursuant to which the Company and GAVI agreed to convert the initial firm order commitment into an option to procure 64 million doses of Vaccines over an extended period from 1 January 2023 to 31 December 2026, and to cancel the original purchase option of up to 350 million doses.

GAVI has not exercised its option to purchase the Vaccines under the amended APA during the year ended 31 December 2024. However, a dispute occurred between the Company and GAVI regarding the advances received by the Company. GAVI asserted that it is entitled to a repayment of the entire amount of advances amounting to USD224 million, which the Company believes is without merit.

The Group received from GAVI a one month's prior written notice dated 21 March 2025 which asserts a unilateral termination of the APA and a letter of claim dated 21 March 21 2025 which claims for an immediate repayment by the Group of the advanced payment of USD224 million ("**Claim**"). GAVI asserted that it intends to instruct its legal advisor to commence arbitration to recover the advanced payment, should the repayment by the Group not be made within 14 days. The Company rejects the Claim, believing it is without merit based on the terms of the APA, and has engaged outside legal counsel to assess the issues arising in connection with the Claim and assist in the defense in the event that proceedings are subsequently initiated by GAVI. As of the date of this report, the Company is not aware of any proceedings initiated by GAVI in relation to the Claim.

As at 31 December 2024, advances from GAVI amounting to USD224,000,000, equivalent to RMB1,612,450,000, was accounted for as contract liabilities in the consolidated statement of financial position.

28. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
Deferred revenue (a)	–	17,414
Deferred government grants (b)	25,300	26,950
Total	25,300	44,364

(a) Deferred revenue represented the amount of funding received from CEPI by the end of the reporting period. Clover Sichuan and Clover AUS signed the Outbreak Response Funding Agreement (the "**Agreement**") with CEPI in 2020, pursuant to which CEPI is to provide funding to Clover Sichuan and Clover AUS to support the Group's research and development of COVID-19 vaccine under the project of "Outbreak Response To Novel Coronavirus (COVID-19)" (the "**Project**").

According to the Agreement, ownership of all data, assays, protocols, and materials made under the Project ("**Project Results**"), including vaccines ("**Products**"), as well as all intellectual property rights, including those for inventions, know-how, patents, trademarks arising in relation to the Project Results or otherwise under the Project ("**Project IP**") shall vest in the Company from creation. CEPI is committed to achieving equitable access to the results of all CEPI-supported programmes pursuant to the "Equitable Access Policy", which means that any form or dosage of pharmaceutical composition or preparation made or developed under the Project ("**Project Vaccine**") is first available to populations when and where it is needed to end an outbreak or contain an epidemic, regardless of whose ability to pay. A global allocation and purchasing mechanism (the "**Global Allocation Mechanism**") is to be constituted subsequent to the Agreement to purchase, allocate, and direct the distribution of COVID-19 vaccines including Project Vaccine.

According to the Agreement, the Group agrees to (i) supply all doses of the Project Vaccine up to the capacity as may be required by the Global Allocation Mechanism during the Pandemic Period (the period of time between the date that World Health Organization ("**WHO**") declared COVID-19 to be a Public Health Emergency of International Concern ("**PHEIC**", that is, 30 January 2020) and the date that WHO declares the PHEIC to have ended); and, (ii) during the period of five years after the Pandemic Period ends, supply the Project Vaccine as may be required by the Global Allocation Mechanism for use in LMICs (Low and Middle Income Countries as defined by the Organisation for Economic Co-operation and Development), not to exceed 50% of the Project Vaccine unless mutually agreed to.

The funding received from CEPI is for the Group's commitment to supply the Project Vaccine as agreed in the Agreement after the commercialisation of the Project Vaccine in the future, therefore, it should be recognised in income in line with the Group's fulfilment of its obligation to supply the Project Vaccine as required by the Global Allocation Mechanism. As such, the amount received by the end of 2022 was recorded as deferred revenue.

28. DEFERRED INCOME (CONTINUED)

(a) (continued)

In March 2023, CEPI's Stage Gate Review Committee approved that the Stage Gate Criteria for the final Stage Gate as defined in the Agreement had been met, therefore, the Project was substantially completed and subject to continuing closure of the final stage which comprises only the final work packages and certain administrative close-out activities. The funding received from CEPI of USD389,865,000 (equivalent to RMB2,540,497,000) was confirmed to be non-refundable.

The Company's Project Vaccine had realised commercialisation in February 2023. In May 2023, WHO announced that COVID-19 Pandemic Period ends. The demand for the Project Vaccine reduced to minimal levels as the emergency phase of the pandemic finished. The Company's obligation under the Agreement to supply Project Vaccine for a period of five years after the Pandemic Period ends was fulfilled by the amended APA entered into and signed by the Company and GAVI in September 2022 as an option arrangement for GAVI to procure 64 million doses of Project Vaccine. The Company has reserved sufficient raw materials and production capacities to meet the requirement of GAVI, should GAVI exercise its options to purchase the Project Vaccine under the amended APA.

Based on the foregoing, the Company assessed that all conditions attached to the CEPI funding of RMB2,540,497,000 (equivalent to USD389,865,000) have been fulfilled in 2023 and the funding was confirmed to be non-refundable, therefore, deferred revenue of RMB2,540,497,000 was recognised in other income in 2023.

In 2024, the amount of cash funding of RMB19,574,000 received from CEPI on certain work packages has been approved by CEPI and recognised as other income in 2024.

(b) The movements in government grants during the year are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
At beginning of year	26,950	27,950
Grants received during the year	200	–
Amount recognised in profit or loss	(1,850)	(1,000)
At end of year	25,300	26,950

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024 Right-of-use assets RMB'000	2023 Right-of-use assets RMB'000
At 1 January 2024/2023	2,623	13,011
Deferred tax credited to the statement of profit or loss during the year	(546)	(10,388)
Gross deferred tax liabilities at 31 December 2024/2023	2,077	2,623

Deferred tax assets

	2024 Lease liabilities RMB'000	2023 Lease liabilities RMB'000
At 1 January 2024/2023	2,623	13,011
Deferred tax credited to the statement of profit or loss during the year	(546)	(10,388)
Gross deferred tax assets at 31 December 2024/2023	2,077	2,623

For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position.

30. SHARE CAPITAL AND TREASURY SHARES

Issued and fully paid:

	Number of shares in issue	Share capital USD'000	RMB equivalent RMB'000
Ordinary shares of USD0.0001 each			
As at December 31, 2024	1,297,057,929	130	838
As at December 31, 2023	1,296,289,733	130	838

A summary of movements in the Company's issued share capital is as follows:

	Notes	Number of shares in issue	Share capital RMB'000	Treasury Shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2023		1,292,635,233	835	(36)	8,562,410	8,563,209
Vesting of restricted share units		–	–	6	47,810	47,816
Exercise of share options		3,654,500	3	–	10,611	10,614
Share issue expenses		–	–	–	(54)	(54)
At 31 December 2023 and 1 January 2024		1,296,289,733	838	(30)	8,620,777	8,621,585
Vesting of restricted share units	(a)	–	–	4	30,227	30,231
Exercise of share options	(b)	768,196	*	–	2,762	2,762
Share issue expenses		–	–	–	(20)	(20)
At 31 December 2024		1,297,057,929	838	(26)	8,653,746	8,654,558

* The amount is less than RMB1,000.

Note:

(a) During the year ended 31 December 2024, 6,542,912 restricted share units were vested, resulting in RMB4,000 and RMB30,227,000 transferred from the share-based compensation reserve to treasury shares and share premium, respectively.

(b) During the year ended 31 December 2024, 768,196 share options were exercised at the exercise price of USD0.001 per share (note 31) for a total cash consideration of RMB5,000. RMB2,762,000 was transferred from the share-based compensation reserve to share premium upon the exercise of the share options.

31. SHARE-BASED COMPENSATION

The Company operates a share-based payments scheme including restricted share unit scheme (the "**RSU Scheme**"), Pre-IPO share option plan (the "**Pre-IPO Plan**") and Post-IPO share option plan (the "**Post-IPO**" Plan) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the RSU Scheme, the Pre-IPO Plan and the Post-IPO Plan include the Company's directors, the Group's employees and non-employee consultants.

The RSU Scheme and the Pre-IPO Plan became effective in April 2021 when the board of directors of the Company approved the RSU Scheme and the Pre-IPO Plan. The maximum aggregate number of shares that may be issued under the RSU Scheme and the Pre-IPO Plan is 77,350,000 and 25,947,096 (taking into account the Capitalisation Issue) ordinary shares of the Company, respectively. The Post-IPO Plan was adopted by the Company on 26 September 2021, effective from the date when the Company got listed ("**Listing Date**"). The board of directors of the Company resolved that at the time of adoption of the Post-IPO Plan or any new share option scheme (the "**New Scheme**"), the aggregate number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Plan, the New Scheme and all schemes existing at such time (the "**Existing Schemes**") of the Company must not in aggregate exceed 10% of the total number of shares in issue (excluding treasury shares) as of the date when the shares commenced trading on the Stock Exchange or the date of adoption of the New Scheme (as the case may be).

Share options

In 2021, the Company granted 3,095,430 (without taking into account the effect of the Capitalisation Issue) options under the Pre-IPO Plan to 138 employees. The vesting schedule of the options granted would be subject to both a listing-based vesting condition (the "**IPO Condition**") and a service-based vesting condition (the "**Service Condition**"). The IPO Condition would be satisfied the day after the first-half anniversary of the date when the Company get listed ("**Listing Date**"). Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied over a 4-year term.

In 2022, the Company granted 40,426,500 options to 9 directors and 205 employees under the Post-IPO Plan. The vesting schedule of the options granted would be subject to a service-based vesting condition, which would be satisfied over a 1-year or 4-year term.

In 2023, the Company granted 2,037,000 options to 7 directors and 16,813,500 options to 157 employees under the Post-IPO Plan, respectively. The vesting schedule of the options granted would be subject to a service-based vesting condition and performance condition which would be satisfied over a 1-year or 4-year term. The performance condition is required to be satisfied by the mid-year performance check in and the annual performance evaluation.

31. SHARE-BASED COMPENSATION (CONTINUED)

Share options (Continued)

In April 2024, the Company granted 2,037,000 options to 7 directors and 7,426,000 options to 61 employees under the Post-IPO Plan, respectively. The vesting schedule of the options granted would be subject to a service-based vesting condition and performance condition which would be satisfied over a 1-year or 4-year term. The performance condition is required to be satisfied by the group level performance target and individual annual performance targets.

The options granted to employees are accounted for as equity awards and measured at their grant date fair values.

The following share options were outstanding under the Pre-IPO Plan and the Post-IPO Plan during the year:

	2024		2023	
	Number of share options	Weighted average exercise price per share option USD	Number of share options	Weighted average exercise price per share option USD
At 1 January	44,490,308	0.5747	42,324,181	0.5367
Granted during the year	9,463,000	0.0553	18,850,500	0.2329
Forfeited during the year	(21,543,882)	0.1257	(13,029,873)	0.1175
Exercised during the year	(768,196)	0.0010	(3,654,500)	0.0010
At 31 December	31,641,230	0.7389	44,490,308	0.5747

The weighted average share price at the date of exercise for share options exercised during the year was USD0.7389 per share (2023: USD0.5745).

31. SHARE-BASED COMPENSATION (CONTINUED)

Share options (Continued)

The exercise price and exercise periods of the share options outstanding under the Pre-IPO Plan and the Post-IPO Plan at the end of the reporting period are as follows:

2024

Number of options	Exercise price	Exercise period
1,835,817	USD0.001	2022-2031
11,326,000	HKD7.300	2022-2032
2,568,470	HKD4.116	2022-2032
695,000	HKD3.894	2022-2032
1,889,380	HKD3.830	2022-2032
5,272,563	HKD1.820	2023-2033
8,054,000	HKD0.432	2024-2034
31,641,230		

2023

Number of options	Exercise price	Exercise period
2,910,013	USD0.001	2022-2031
11,326,000	HKD7.300	2022-2032
12,603,925	HKD4.116	2022-2032
695,000	HKD3.894	2022-2032
3,687,370	HKD3.830	2022-2032
13,268,000	HKD1.820	2023-2033
44,490,308		

31. SHARE-BASED COMPENSATION (CONTINUED)

Share options (Continued)

The fair value of the share options granted during the year was RMB1,855,000. The Group recognised share-based compensation expense of RMB2,327,000 for the year ended 31 December 2024 (2023: RMB26,670,000) in relation to share options.

The fair value of equity-settled share options granted to directors and employees was estimated as at the date of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options. The following table lists the key assumptions that the model used.

	2024	2023
Expected dividend yield (%)	0%	0%
Expected volatility (%)	57.15%-64.03%	57.15%-64.03%
Risk-free interest rate (%)	0.98%-3.86%	0.98%-3.37%
Expected life of options (year)	10	9.57
Weighted average share price (USD per share)	1	0.62

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

As at 31 December 2024, the Company had 31,641,230 share options outstanding under the Pre-IPO Plan and the Post-IPO Plan. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 31,641,230 additional ordinary shares of the Company and additional share capital of RMB22,000.

The fair values of share options which were yet to be exercised were included in share-based compensation reserve. The amount will either be transferred to the share premium account when the related options are exercised or be reversed should the related options be forfeited.

31. SHARE-BASED COMPENSATION (CONTINUED)

Restricted share units

In 2021, the Company granted 6,400,224 and 261,474 (without taking into account the effect of the Capitalisation Issue) restricted share units under the RSU Scheme to 56 employees and 11 non-employee consultants, respectively. 80,070 restricted share units were forfeited during the year. The vesting schedule of the restricted share units granted would be subject to both the IPO Condition and the Service Condition. The IPO Condition would be satisfied the day after the first-half anniversary of the Listing Date. Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied over a 4-year term. The restricted share units granted to employees and non-employee consultants are accounted for as equity awards.

In 2022, the Company granted 10,651,000 restricted share units under the RSU Scheme to 135 employees without consideration. The vesting schedule of the restricted share units granted would be subject to a service-based vesting condition, satisfied over a 1-year term or 4-year term. The restricted share units granted to employees are accounted for as equity awards and are determined using the closing price of listed shares of the Company as at the grant dates. In 2022, 21,623,118 restricted share units have been vested and 11,387,781 restricted share units have been forfeited under the RSU Scheme. As at 31 December 2022, the Company had 23,711,497 restricted share units outstanding under the RSU Scheme.

In 2023, the Company granted 4,988,000 restricted share units under the RSU Scheme to 105 employees without consideration. The vesting schedule of the restricted share units granted would be subject to a service-based vesting condition and performance condition, satisfied over a 1-year term or 4-year term. The restricted share units granted to employees are accounted for as equity awards and are determined using the closing price of listed shares of the Company as at the grant dates.

In 2023, 8,863,660 restricted share units have been vested and 6,369,773 restricted share units have been forfeited under the RSU Scheme. As at 31 December 2023, the Company had 13,466,064 restricted share units outstanding under the RSU Scheme.

In 2024, the Company granted 4,562,000 restricted share units to 9 directors, 1,901,000 restricted share units to 27 employees and 636,000 restricted share units to 6 non-employee consultants under the RSU Scheme without consideration. The vesting schedule of the restricted share units granted would be subject to a service-based vesting condition and performance condition, satisfied over a 1-year term or 4-year term. The restricted share units granted to employees are accounted for as equity awards and are determined using the closing price of listed shares of the Company as at the grant dates.

In 2024, 6,542,912 restricted share units have been vested and 2,015,870 restricted share units have been forfeited under the RSU Scheme. As at 31 December 2024, the Company had 12,006,282 restricted share units outstanding under the RSU Scheme.

31. SHARE-BASED COMPENSATION (CONTINUED)

Restricted share units (Continued)

The restricted share units granted to employees are measured at their grant date fair values, and the restricted share units granted to non-employee consultants are measured at the fair values of the equity at the dates on which the services are rendered.

The Group recognised share-based compensation expenses of RMB13,951,000 in relation to restricted share units for the year ended 31 December 2024 (2023: RMB26,845,000).

32. RESERVES

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

(a) Merger reserve

Merger reserve arose from the reorganisation undertaken by the Company in preparation for the listing.

(b) Share premium

The share premium account represents the amount paid by shareholders for capital injection in excess of its nominal value.

(c) Share-based compensation reserve

The share-based compensation reserve comprises the fair value of share options and restricted share units granted which are yet to be exercised, as further explained in the accounting policy for share-based compensation in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised or be transferred to retained profits should the related options expire or be forfeited.

(d) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,117,000 (2023: nil) in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2023	294,060	60,308
Changes from financing cash flows	(353)	(28,568)
Currency translation differences	(1,975)	(565)
Disposal	–	(9,894)
Reassessment of a lease term arising from a decision not to exercise the extension option	–	(25)
Reassessment of a lease term arising from a decision to exercise the extension option	–	2,740
Interest expense	16,331	2,392
At 31 December 2023	308,063	26,388

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	308,063	26,388
Changes from financing cash flows	(239,949)	(11,145)
Currency translation differences	748	13
New leases	–	2,117
Disposal	–	(2,347)
Interest expense	5,104	652
At 31 December 2024	73,966	15,678

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Within operating activities	575	3,020
Within financing activities	11,145	28,568
Total	11,720	31,588

34. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in note 26 to the financial statements.

35. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024	2023
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	13,105	13,895
Intangible assets	–	2,186
Total	13,105	16,081

36. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors of the Group are of the view that the following parties are related parties that had transactions or balances with the Group during the reporting period.

Name of related parties	Relationship with the Group
Chengdu Tianhe Conventional Chinese and Medicine Technology Nurture Co., Ltd. ("**Chengdu Tianhe**")	An entity that controls a major shareholder of the Company

(b) The Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Office lease and utility fees:		
Chengdu Tianhe	5,977	5,918

(c) Outstanding balances with related parties

	2024 RMB'000	2023 RMB'000
Amount due from a related party:		
Chengdu Tianhe	944	961

All the balances above are unsecured and interest-free.

36. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	19,311	28,452
Share-based compensation expenses	17,770	41,430
Post-employment benefits	2,593	5,241
Total compensation paid to key management personnel	39,674	75,123

Further details of directors' and the chief executive's emoluments are included in note 10 to the financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss (Mandatorily designated as such) RMB'000	Total RMB'000
Trade receivables	40,993	–	40,993
Financial assets included in prepayments, other receivables and other assets	7,653	–	7,653
Financial assets at fair value through profit or loss	–	14,780	14,780
Time deposits and restricted cash	11,504	–	11,504
Pledged deposits	143,768	–	143,768
Cash and cash equivalents	401,243	–	401,243
Total	605,161	14,780	619,941

37. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2024

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss (Designated as such upon initial recognition) RMB'000	Total RMB'000
Trade payables			
Current portion	120,453	–	120,453
Non-current portion	512,584	–	512,584
Financial liabilities included in other payables and accruals	46,485	–	46,485
Interest-bearing bank borrowings	73,966	–	73,966
Derivative financial instruments	–	200	200
Total	753,488	200	753,688

31 December 2023

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through profit or loss (Mandatorily designated as such) RMB'000	Total RMB'000
Trade receivables	24,106	–	24,106
Financial assets included in prepayments, other receivables and other assets	7,605	–	7,605
Financial assets at fair value through profit or loss	–	14,165	14,165
Time deposits and restricted cash	16,228	–	16,228
Pledged deposits	343,378	–	343,378
Cash and cash equivalents	735,864	–	735,864
Total	1,127,181	14,165	1,141,346

37. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2023

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	
Current portion	247,829
Non-current portion	505,047
Financial liabilities included in other payables and accruals	36,909
Interest-bearing bank borrowings	308,063
Total	1,097,848

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to the fair values, are as follows:

	Carrying amounts		Fair values	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	14,780	14,165	14,780	14,165
Financial liabilities				
Derivative financial instruments	200	–	200	–

Management has assessed that the fair values of cash and cash equivalents, time deposits and restricted cash, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, current interest-bearing bank borrowings, trade payables, and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss:	–	14,780	–	14,780

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss:	–	14,165	–	14,165

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities measured at fair value

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Derivative financial instruments:	–	200	–	200

The Group did not have any financial liabilities measured at fair value as at 31 December 2023.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023: nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise cash and cash equivalents, time deposits and restricted cash, pledged deposits and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables, which arise directly from its operations.

The Group also enters into derivative transactions, which is foreign exchange swap for the year ended 31 December 2024. The purpose is to manage the currency risks arising from the Group's operations and its source of finance.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit before tax.

Increase/(decrease) in loss before tax

	2024 RMB'000	2023 RMB'000
If the RMB weakens against the USD by 5%	(11,417)	(10,207)
If the RMB strengthens against the USD by 5%	11,417	10,207
If the RMB weakens against the HKD by 5%	(3,898)	(3,908)
If the RMB strengthens against the HKD by 5%	3,898	3,908

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets – Normal*	7,653	–	–	–	7,653
Trade receivables**	–	–	–	40,993	40,993
Restricted cash – Not yet past due	11,504	–	–	–	11,504
Pledged deposits – Not yet past due	143,768	–	–	–	143,768
Cash and cash equivalents – Not yet past due	401,243	–	–	–	401,243
Total	564,168	–	–	40,993	605,161

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Financial assets included in prepayments, other receivables and other assets – Normal*	7,605	–	–	–	7,605
Trade receivables**	–	–	–	24,106	24,106
Time deposits – Not yet past due	2,943	–	–	–	2,943
Restricted cash – Not yet past due	13,285	–	–	–	13,285
Pledged deposits – Not yet past due	343,378	–	–	–	343,378
Cash and cash equivalents – Not yet past due	735,864	–	–	–	735,864
Total	1,103,075	–	–	24,106	1,127,181

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

** For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 19 to the financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2024				
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	12,601	3,728	–	16,329
Trade payables					
Current portion	120,453	–	–	–	120,453
Non-current portion	–	–	512,584	–	512,584
Financial liabilities included in other payables and accruals	46,485	–	–	–	46,485
Derivative financial instruments	–	200	–	–	200
Interest-bearing bank borrowings	–	73,966	–	–	73,966
Total	166,938	86,767	516,312	–	770,017

	As at 31 December 2023				
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	19,623	8,036	–	27,659
Trade payables					
Current portion	247,829	–	–	–	247,829
Non-current portion	–	–	505,047	–	505,047
Financial liabilities included in other payables and accruals	36,909	–	–	–	36,909
Interest-bearing bank borrowings	–	310,034	–	–	310,034
Total	284,738	329,657	513,083	–	1,127,478

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024.

40. EVENTS AFTER THE REPORTING PERIOD

Except for the receipt of the unilateral APA termination notice dated 21 March 2025 and a letter of claim for an immediate repayment by the Group of USD224 million dated 21 March 2025 from GAVI, details of which are included in note 27 to the financial statements, there are no other significant subsequent events after the end of reporting period that require additional disclosure or adjustments.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1,199,631	1,801,276
Total non-current assets	1,199,631	1,801,276
CURRENT ASSETS		
Prepayments, other receivables and other assets	162,173	199,641
Financial assets at fair value through profit or loss	14,780	14,165
Cash and cash equivalents	103,466	229,455
Total current assets	280,419	443,261
CURRENT LIABILITIES		
Other payables and accruals	4,208	4,261
Total current liabilities	4,208	4,261
NET CURRENT ASSETS	276,211	439,000
TOTAL ASSETS LESS CURRENT LIABILITIES	1,475,842	2,240,276
Net assets	1,475,842	2,240,276
EQUITY		
Share capital	838	838
Treasury shares	(26)	(30)
Reserves	1,475,030	2,239,468
Total equity	1,475,842	2,240,276

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Merger reserve RMB'000	Share premium RMB'000	Share-based compensation reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2023	99,312	8,562,410	90,933	384,793	(4,379,040)	4,758,408
Loss for the year	–	–	–	–	(2,662,011)	(2,662,011)
Exchange differences	–	–	–	88,246	–	88,246
Total comprehensive loss for the year	–	–	–	88,246	(2,662,011)	(2,573,765)
Share issue expenses	–	(54)	–	–	–	(54)
Share-based compensation	–	–	54,862	–	–	54,862
Vesting of restricted share units	–	47,810	(47,816)	–	–	(6)
Exercise of share options	–	10,611	(10,588)	–	–	23
At 31 December 2023	99,312	8,620,777	87,391	473,039	(7,041,051)	2,239,468
At 1 January 2024	99,312	8,620,777	87,391	473,039	(7,041,051)	2,239,468
Loss for the year	–	–	–	–	(859,974)	(859,974)
Exchange differences	–	–	–	79,277	–	79,277
Total comprehensive loss for the year	–	–	–	79,277	(859,974)	(780,697)
Share issue expenses	–	(20)	–	–	–	(20)
Share-based compensation	–	–	16,278	–	–	16,278
Vesting of restricted share units	–	30,227	(30,231)	–	–	(4)
Exercise of share options	–	2,762	(2,757)	–	–	5
At 31 December 2024	99,312	8,653,746	70,681	552,316	(7,901,025)	1,475,030

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out below:

	For the year ended December 31,				
	2020	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	–	–	–	39,255	38,419
Other income and gains	24,341	38,262	23,246	2,571,354	97,215
Selling and distribution expenses	–	–	–	(54,766)	(19,705)
Research and development expenses	(228,219)	(1,826,301)	(1,465,324)	(649,885)	(183,387)
Administrative expenses	(76,429)	(345,710)	(410,237)	(198,816)	(75,172)
Loss for the year	(912,898)	(6,016,303)	(2,451,903)	(138,539)	(903,428)

	As at December 31,				
	2020	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	139,103	269,165	304,777	201,915	149,535
Current assets	1,048,425	5,076,495	4,389,929	1,899,519	663,209
Non-current liabilities	2,103,535	1,978,403	2,533,638	557,264	541,379
Current liabilities	66,734	2,148,109	2,829,205	2,277,003	1,907,663
Net assets/(liabilities)	(982,741)	1,219,148	(668,137)	(732,833)	(1,636,298)

DEFINITIONS

"Articles of Association"	the fifth amended articles of association of the Company adopted on June 20, 2024, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Australia Clover"	Clover Biopharmaceuticals AUS Pty Ltd., a proprietary company limited by shares registered in Australia on June 6, 2017, and a subsidiary of our Company
"Beijing Clover"	Clover Biopharmaceutical (Beijing) Co., Ltd. (克洛菲生物製藥(北京)有限公司), a limited liability company established in the PRC on September 1, 2020, and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of directors of our Company
"Business Day"	a day banks in Hong Kong are generally open for normal banking business to the public and is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CDMO(s)"	contract development and manufacturing organization(s), a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing
"CEPI"	Coalition for Epidemic Preparedness Innovations, a foundation that takes donations from public, private, philanthropic, and civil society organisations, to finance independent research projects to develop vaccines against emerging infectious diseases
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
"CMC"	chemistry, manufacturing, and controls processes in the development, licensure, manufacturing, and ongoing marketing of pharmaceutical products
"Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

"Companies Ordinance"	The Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company", "the Company" or "Clover"	Clover Biopharmaceuticals, Ltd. (三葉草生物製藥有限公司), an exempted company incorporated in the Cayman Islands on October 31, 2018
"connected person"	has the meaning ascribed thereto under the Listing Rules
"connected transaction"	has the meaning ascribed thereto under the Listing Rules
"Core Product(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purpose of the Prospectus, our Core Products refers to SCB-2019 (CpG 1018/Alum) and SCB-808
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Dr. Liang"	Dr. LIANG Peng, the founder, an executive Director, the chairman of the Board of our Company and a member of the Single Largest Group of Shareholders
"FDA"	Food and Drug Administration, a United States federal agency of the Department of Health and Human Services
"GenHunter"	GenHunter Corporation, a biotechnology company headquartered in the U.S.
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Greater China"	PRC, Hong Kong, Macau and Taiwan
"Group", "we" or "us"	our Company and its subsidiaries
"HK Clover"	Clover Biopharmaceuticals (Hong Kong) Co., Limited, a limited company incorporated in Hong Kong on November 30, 2018, and a wholly-owned subsidiary of our Company
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRSs"	International Financial Reporting Standards

"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
"Ireland Clover"	Clover Biopharmaceuticals Ireland Limited, a proprietary company limited by shares registered in Ireland on April 14, 2021, and a subsidiary of our Company
"Latest Practicable Date"	April 14, 2025, being the latest practicable date prior to the printing of this purpose of ascertaining the information contained herein
"Listing" or "IPO"	the listing of our Shares on the Stock Exchange
"Listing Date"	November 5, 2021, the date on which dealings in our Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
"MassBiologic"	Massachusetts Biologic Laboratories of the University of Massachusetts, the only non-profit manufacturer of vaccines approved by Food and Drug Administration in the United States
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Joshua Liang"	Mr. LIANG Joshua G, an executive Director, the chief executive officer of our Company and a member of the Single Largest Group of Shareholders
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Nomination Committee"	the nomination committee of the Board
"Placing"	the placing of the Placing Shares by a placing agent at a placing price pursuant to a placing agreement dated December 6, 2022

"Placing Shares"	128,000,000 new Shares allotted and issued by the Company pursuant to a placing agreement dated December 6, 2022
"Post-IPO Share Option Plan"	the post-IPO share option scheme adopted by our Company on September 26, 2021, effective from the Listing Date, as amended from time to time, the principal terms of which are set out in "Report of the Directors – Post-IPO Share Option Plan" to this annual report
"Pre-IPO Share Option Plan"	the pre-IPO share option plan adopted by our Company on April 15, 2021, as amended from time to time, the principal terms of which are set out in "Report of the Directors – Pre-IPO Share Option Plan" to this annual report
"Prospectus"	the prospectus issued by the Company dated October 25, 2021
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2024
"RMB"	Renminbi Yuan, the lawful currency of China
"RSU Scheme"	the restricted share units scheme adopted by our Company on April 15, 2021 which was amended on September 26, 2021, the principal terms of which are set out in "Report of the Directors – RSU Scheme" to this annual report
"R&D"	research and development
"SFC"	The Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Clover"	Clover Biopharmaceuticals (Shanghai) Co., Ltd. (愷洛菲生物製藥(上海)有限公司), a limited liability company established in the PRC on February 9, 2021, and a wholly-owned subsidiary of our Company
"Share(s)"	shares in the share capital of our Company, with a nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Sichuan Clover"	Sichuan Clover Biopharmaceuticals, Inc. (四川三葉草生物製藥有限公司), a limited liability company established in the PRC on June 4, 2007, a wholly-owned subsidiary of HK Clover

DEFINITIONS

"Single Largest Group of Shareholders"	refers to Dr. Liang and Mr. Joshua Liang
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"UK Clover"	Clover Biopharmaceuticals UK Ltd., a limited liability company incorporated in England and Wales on October 13, 2021, and a wholly-owned subsidiary of our Company
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Clover"	Clover Biopharmaceuticals USA, LLC, a limited liability company converted from Clover Biopharmaceuticals USA, Inc. (a stock corporation incorporated in the State of Delaware, U.S. on March 30, 2020) on January 24, 2024, and a wholly-owned subsidiary of our Company
"US$"	United States dollars, the lawful currency of the United States
"Zhejiang Clover"	Zhejiang Clover Biopharmaceutical, Inc. (浙江三葉草生物製藥有限公司), a limited liability company established in the PRC on August 23, 2016, and a wholly-owned subsidiary of our Company