VISEN Pharmaceuticals

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2561

2024 Annual Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LU An-Bang (盧安邦) *(Chief Executive Officer)*

Non-Executive Directors

Mr. Michael Wolff JENSEN *(Chairman)*
Mr. Jan Møller MIKKELSEN
Mr. FU Shan (付山)
Mr. Michael J. CHANG
Mr. CAO Yibo (曹弋博)

Independent Non-Executive Directors

Dr. YAO Zhengbin (Bing)
Mr. CHAN Peng Kuan (陳炳鈞)
Ms. NI Hong (倪虹)

AUDIT COMMITTEE

Mr. CHAN Peng Kuan (陳炳鈞) *(Chairman)*
Mr. FU Shan (付山)
Dr. YAO Zhengbin *(Bing)*

REMUNERATION COMMITTEE

Ms. NI Hong (倪虹) *(Chairwoman)*
Mr. CHAN Peng Kuan (陳炳鈞)
Mr. LU An-Bang (盧安邦)

NOMINATION COMMITTEE

Mr. Michael Wolff JENSEN *(Chairman)*
Dr. YAO Zhengbin (Bing)
Ms. NI Hong (倪虹）

COMPANY SECRETARY

Ms. Chan Sze Ting (陳詩婷)

AUTHORIZED REPRESENTATIVES

Mr. LU An-Bang (盧安邦)
Ms. Chan Sze Ting (陳詩婷)

AUDITOR

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

REGISTERED OFFICE

International Corporation Services Ltd.
Harbour Place
2nd Floor
PO Box 472
103 South Church Street
Grand Cayman
KY1-1106
Cayman Islands

HEADQUARTER

Suite 3-108, Floor 3, Building B,
Hengtai Lixiang Chuangxin
Tower, 69 Jiuzhang Road,
Suzhou
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1919, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISORS

As to Hong Kong law
Cooley HK
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law
Han Kun Law Office
33/F, HKRI Center Two,
HKRI Taikoo Hui, 288 Shimen Road (No. 1),
Jing'an District, Shanghai 200041, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd.
Harbour Place
2nd Floor
PO Box 472
103 South Church Street
Grand Cayman
KY1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANK

Bank of China
3rd Floor, Tower I, Kerry Centre
1515 Nanjing West Road, Jing'an District
Shanghai, China

STOCK CODE

2561

COMPANY WEBSITE

www.visenpharma.com

CEO'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of VISEN Pharmaceuticals ("**VISEN**"), I would like to express our sincere gratitude for the trust and support you have shown to the Company and its management team. In March 2025, VISEN successfully listed on the Hong Kong Stock Exchange, marking the beginning of a new phase in its development. This milestone is not only a recognition of our past efforts but also a solid foundation for our future growth and expansion.

Since our inception in 2018, VISEN has always prioritized patient needs, focusing on the endocrinology therapies. We bring together cutting-edge technology and expertise, adhering to principles of leading innovation, professionalism, and collaborative success. We are dedicated to enabling more endocrine patients to achieve a healthier life trajectory through our innovative treatments that incorporate humane care, helping them realize the life they aspire to.

In 2024, we submitted the BLA for our Core Product, lonapegsomatropin, for the treatment of PGHD, which has been accepted by the NMPA. As VISEN's first product set for commercialization, lonapegsomatropin is the only LAGH that has demonstrated superior efficacy and comparable safety in active-controlled and parallel-group trial comparisons with daily hGH, as validated in the completed Phase 3 pivotal trial in China. With the acceptance of the BLA, VISEN has taken a significant step toward commercialization. We firmly believe that by continuously advancing the global development and approval of innovative drugs, VISEN will bring more reliable, world-class treatment options to China's endocrine patients, thereby contributing to the improvement of the treatment landscape and overall health of Chinese patients. Moving forward, we will accelerate the commercialization of our Core Product, as well as promote technology transfer and localized production to ensure more patients can benefit from our treatments.

In addition, our other two key products have achieved important research and development milestones. The double-blind period of the Phase 3 pivotal trial of palopegteriparatide for the treatment of HP was completed, meeting its primary efficacy and key secondary endpoints according to topline data. Meanwhile, the double-blind period of the Phase 2 clinical trials of navepegritide in China for the treatment of ACH was completed, meeting its primary endpoint according to topline data. We will accelerate the registration process for these two products in China.

Since its inception, VISEN has entered its second five-year phase. The Listing will provide strong support for accelerating the commercialization of our products, allowing more patients to benefit from our innovative therapies. At the same time, we will continue to invest in research and development, expand our product pipeline, and enhance the Company's overall competitiveness to create long-term value for our shareholders.

Finally, I would like to once again express our heartfelt thanks to all our shareholders for your trust, supervision, and support. We look forward to witnessing the growth of the Company in its second five years together with you, refining our efforts in the endocrinology field, and building an even brighter future for the Company.

Yours sincerely,
Lu An-bang
CEO

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last three* financial years, as extracted from the audited financial information and financial statements is set out below:

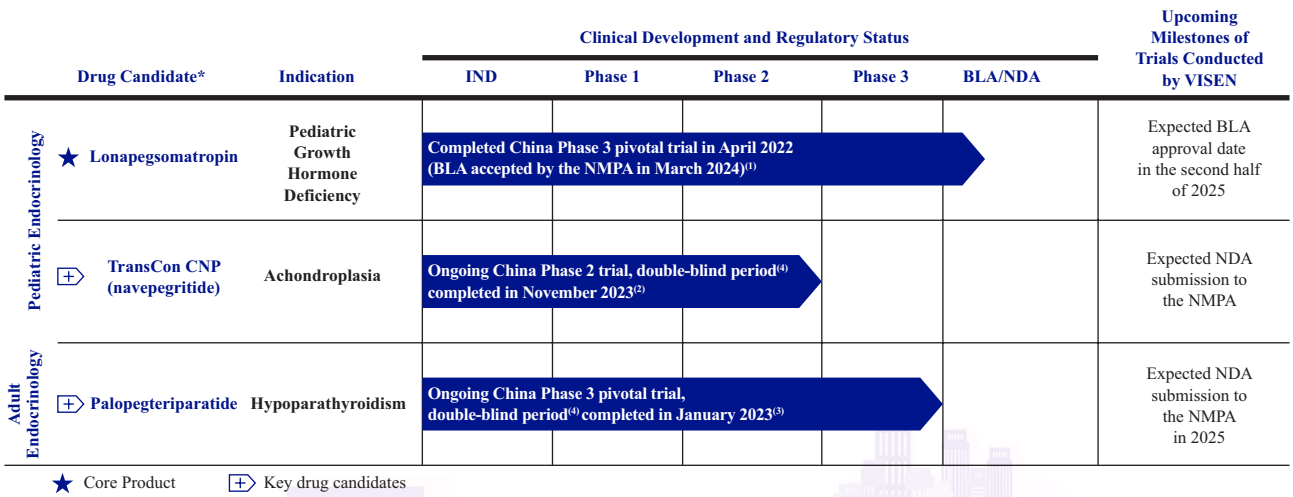
	As at December 31,/ For the year ended December 31,		
	2024	2023	2022
	RMB'000	RMB'000	RMB'000
Other income	**9,864**	11,356	5,764
Other gains and losses, net	**2,375**	(106,695)	77,184
Research and development costs	**(90,521)**	(57,690)	(179,546)
Administrative expenses	**(86,434)**	(79,944)	(177,449)
Finance costs	**(161)**	(317)	(619)
Listing expenses	**(17,365)**	(16,280)	(14,301)
Loss for the year	**(182,242)**	(249,570)	(288,967)
Loss per share (Basic and diluted) (RMB)	**(1.95)**	(2.67)	(3.09)
Cash and cash equivalents	**203,587**	347,782	626,458
Total assets	**293,823**	443,796	741,272
Total liabilities	**52,548**	52,921	88,667
Total equity	**241,275**	390,875	652,605

* The Shares were listed on the Main Board of the Stock Exchange under Chapter 18A of the Listing Rules on March 21, 2025.

BUSINESS REVIEW

Founded in November 2018, we are a late-stage, near-commercialization biopharmaceutical company focused on providing treatments in selected endocrinology diseases in China (including Hong Kong, Macau and Taiwan). We have one Core Product and two other pipeline drug candidates. Our Core Product, lonapegsomatropin, is a once-weekly long-acting growth hormone replacement therapy for the treatment of pediatric growth hormone deficiency ("**PGHD**"), a common short stature in patients aged under 18 caused by insufficient growth hormone. Lonapegsomatropin is the only long-acting growth hormone that has demonstrated superior efficacy and comparable safety in active-controlled and parallel-group trial comparisons with daily human growth hormone ("**hGH**"), as validated in the completed Phase 3 pivotal trial in China. TransCon CNP (navepegritide), one of our key drug candidates, is a long-acting prodrug of c-type natriuretic peptide for the treatment of achondroplasia ("**ACH**"), a short-limbed dwarfism which results in severe skeletal complications and comorbidities. Palopegteriparatide, the other key drug candidate, is a once-daily parathyroid hormone ("**PTH**") replacement therapy for the treatment of chronic hypoparathyroidism ("**HP**"), a syndrome of abnormal calcium and phosphorus metabolism caused by decreased secretion or defective function of PTH.

Leveraging our clinical development capabilities, we provide patients in China (including Hong Kong, Macau and Taiwan) with access to the following endocrine solutions: (i) our Core Product, lonapegsomatropin, has completed the Phase 3 pivotal trial in China for the treatment of PGHD; the BLA filing was made on January 18, 2024 and subsequently accepted by the NMPA on March 7, 2024; (ii) TransCon CNP (navepegritide) has completed the double-blind period of Phase 2 clinical trial in China for the treatment of ACH and the last patient last visit of open-label extension ("**OLE**") period of this trial was completed in April 2024; and (iii) palopegteriparatide is currently undergoing development in a Phase 3 pivotal trial in China; it has completed the double-blind period in January 2023, and the expected NDA filing to the NMPA will be in 2025. Below is a pipeline diagram setting forth our drug candidates:



* We have gained exclusive licensed rights to develop, manufacture and commercialize all drug candidates in endocrinology in China (including Hong Kong, Macau and Taiwan).

Notes:

(1) We completed the Phase 3 pivotal trial of lonapegsomatropin in China for the treatment of PGHD in April 2022 which met its primary endpoint according to our published results. We made the BLA filing with the NMPA on January 18, 2024 for our Core Product for the treatment of PGHD, which was subsequently accepted by the NMPA on March 7, 2024.

(2) The primary analysis of the double-blind period of the Phase 2 clinical trials of TransCon CNP (navepegritide) in China for the treatment of ACH was completed in November 2023, with primary endpoint met according to the topline results. We became the sole sponsor for the OLE period of this trial in January 2023 and the last patient last visit of the OLE period was completed in April 2024.

(3) We completed the primary analysis of the Phase 3 pivotal trial of palopegteriparatide in China for the treatment of adult HP in January 2023 which met its primary efficacy and key secondary endpoints according to its topline data.

(4) Double-blind means a phase in clinical trial where neither the patients nor the researchers know who is receiving a placebo and who is getting the treatment in which the objective is primarily to prevent bias and ensure the validity of the results. OLE means a type of clinical study that typically follows a double-blind randomized placebo controlled trial of a new drug in which the objective is primarily to gather information about safety and tolerability of the new drug in long-term, day to day use.

Our Core Product

Lonapegsomatropin

Lonapegsomatropin is a drug candidate studied by us to treat children aged 3 to 17 years old with GHD in a completed Phase 3 pivotal trial in China, where each subject received treatment for 52 weeks. Lonapegsomatropin demonstrated a greater AHV at 52 weeks for lonapegsomatropin compared to daily hGH, with statistical significance. Lonapegsomatropin is the only long-acting growth hormone that has demonstrated superior efficacy and comparable safety in active-controlled and parallel-group trial comparisons with daily hGH, as validated in the completed Phase 3 pivotal trial in China. We in-licensed lonapegsomatropin from Ascendis Pharma in November 2018. Leveraging its novel molecular design, lonapegsomatropin is the only long-acting growth hormone that releases unmodified hGH *in vivo* consistently in between weekly doses. Such unmodified hGH is identical in the molecular composition to the endogenous growth hormone secreted by pituitary gland and preserves its original mode of action, with direct action by circulating growth hormone on target tissues and indirect action through promoting insulin-like growth factor-1 production in the liver (via growth hormone receptor). In contrast, modified hGH often substantially alters its molecular size, which changes its receptor binding affinity and its ability to reach the target tissue. Our Core Product provides a convenient once-weekly dosing regimen in injection frequency as compared to once-daily hGH, which may foster increased dosing compliance for pediatric patients in daily lives.

We made the BLA filing with the NMPA on January 18, 2024 for our Core Product for the treatment of PGHD, which was subsequently accepted by the NMPA on March 7, 2024. We anticipate our commercialization activities will start in late 2025 after BLA approval.

MANAGEMENT DISCUSSION AND ANALYSIS

Cautionary Statement required under Rule 18A.08(3) of the Listing Rules

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.

Our Key Products

TransCon CNP (navepegritide)

TransCon CNP (navepegritide) is a disease-modifying therapy studied by us to treat children aged 2 to 10 years old with ACH in China, where there is currently no effective disease-modifying therapy approved. A disease-modifying therapy is a treatment that delays, slows, or reverses the progression of a disease by targeting its underlying cause. We in-licensed the TransCon CNP (navepegritide) from Ascendis Pharma in November 2018. TransCon CNP (navepegritide) is designed to optimize efficacy with a safe and convenient once-weekly dose, and is the first ACH therapy in clinical development in China to date, according to Frost & Sullivan. TransCon CNP (navepegritide) has completed the double-blind period of Phase 2 clinical trial in China for the treatment of ACH, with primary endpoint met according to the topline results.

Palopegteriparatide

Palopegteriparatide is a treatment solution studied by us to treat adults with HP. We in-licensed the palopegteriparatide from Ascendis Pharma in November 2018. The current treatments for HP are inadequate due to their limited therapeutic benefits and the need for chronic administration of calcium in high doses and increased risks of associated complications. Palopegteriparatide is designed to restore physiologic levels and activity of PTH throughout 24 hours per day, thereby addressing full aspects of the disease, including normalizing serum and urinary calcium and serum phosphate levels. We are studying palopegteriparatide in a China Phase 3 pivotal trial, and have completed its double-blind period in January 2023, with primary efficacy and key secondary endpoints met according to the topline data.

Research and Development

We have a strong China-based in-house R&D team led by a seasoned management team with strong therapeutic area expertise and experience in global biopharmaceutical development, medical practice and strategic planning. In addition, we have assembled senior R&D personnel with extensive expertise in clinical development, clinical operation, regulatory and medical affairs, and chemistry, manufacturing, and controls. Our R&D capabilities are also supported by our scientific advisory board comprising reputable key opinion leaders in endocrinology and pediatrics. Our R&D team has extensive expertise in medical science, regulatory, clinical operation, quality assurance, pharmacovigilance and data management, statistics, and medical affairs, enabling us to lead and guide the external contract research organization and collaboration partners in a more efficient and effective manner. As of the Latest Practicable Date, our R&D team consisted of 30 full-time employees, with approximately 43% holding a Ph.D. or an M.D. degree. We expect to grow our R&D team as we continue our development activities. Almost all of our R&D team members have in-depth industry knowledge and clinical development experience in multinational companies. Our R&D team has an average of over 14 years of experience in the clinical development of drugs and/or endocrine therapies and some of them have extensive expertise in endocrinology and related areas and worked on the clinical development of other endocrine drugs.

For the year ended December 31, 2024, our R&D expenses amounted to approximately RMB90.5 million, among which we incurred (i) RMB47.6 million on the development of lonapegsomatropin; (ii) RMB20.1 million on the development of TransCon CNP (navepegritide); and (iii) RMB22.8 million on the development of palopegteriparatide.

The following table sets forth a breakdown of our R&D expenses:

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Contracting costs	**34,647**	27,757
Raw materials and consumables	**11,806**	4,354
Staff costs	**34,185**	36,599
Share-based payment expenses	**1,692**	(29,334)
Depreciation and amortization	**2,256**	3,625
Cost Sharing	**–**	8,451
Others	**5,935**	6,238
Total	**90,521**	57,690

Commercialization Plan, Patient Support and Market Access

We are solely responsible for and take full control over the commercialization of our three drug candidates in China (including Hong Kong, Macau and Taiwan). We build up our in-house commercialization team in line with the overall R&D and commercialization timeline of our drug candidate pipeline. Led by Dr. CHEN Jun, Ph.D., our Chief Commercial Officer, our commercialization team drives medical activities and commercial strategy development in the market of China (including Hong Kong, Macau and Taiwan) in accordance with local rules and regulations. Dr. Chen has over 25 years of experience in the healthcare industry and over 20 years of experience in the commercialization of endocrine products, including growth hormone. Our product launch team also includes key leadership members such as medical affairs and marketing head Mr. GU Qing, who has over 18 years of marketing experience in the healthcare industry, and commercial strategy development head Mr. PAN Haifeng, who has over 22 years of experience in the commercialization of endocrine products. We believe our key commercialization leadership members, who have substantial experience and strong track records relevant to our pipeline drug candidates, can leverage their expertise in launching endocrine drugs in China (including Hong Kong, Macau and Taiwan).

In anticipation of the potential BLA approval of our Core Product in the second half of 2025 and subsequent commercialization activities later that year, we plan to increase the number of personnel within the roles in field sales, regional marketing, medical affairs, and customer service to strengthen our commercial team. We also plan to build up our commercial infrastructure for palopegteriparatide and TransCon CNP (navepegritide) based on the respective expected commercial launch timeline. We believe our internal commercialization team with expanded talent pool will be sufficient for the purpose of executing our commercialization plan. Further, we have entered into a strategic collaboration agreement with Shanghai Pharmaceutical aiming to establish the necessary management framework in line with the GSP. We have also entered into the strategic collaboration with the United Family Healthcare in August 2024 to jointly develop capabilities in diagnosis, treatment and services for children with medical needs in growth and development.

Commercial Supply and Manufacturing

We plan to implement a three-step plan to source commercial supply for the commercialization of lonapegsomatropin as early as possible and address the vast domestic market potentials in China (including Hong Kong, Macau and Taiwan) effectively and secure sustainable drug supply for local patients. In the short term, we plan to source the commercial drug supply of Core Product from our collaboration partner, Ascendis Pharma. In the medium term, we intend to collaborate with WuXi Biologics, our designated local CDMO in China, for the commercial production of lonapegsomatropin. In July 2023, we entered into the Technology Transfer Master Plan of the Core Product with Ascendis Pharma, signifying the commencement of Technology Transfer from Ascendis Pharma to us for the manufacturing of the Core Product. In December 2023, we entered into a collaboration agreement with the WuXi Biologics, pursuant to which WuXi Biologics will serve as the local CDMO of the Technology Transfer to conduct the process development and validation achieving the localization of the manufacturing technology. Completion of the Technology Transfer and Localization, which is expected to be in 2027, will confer to us the technical capabilities to manufacture the Core Product drug substance in collaboration with WuXi Biologics. We are also developing the dual chamber device ("**DCD**") technology in the form of prefilled syringe as a drug delivery system for the Core Product drug substance. Once this development is finished, WuXi Biologics will have the capability to produce the Core Product. The commercialization of the Core Product manufactured by WuXi Biologics will start once we obtain the approval of Local BLA, which is expected to occur in 2028. We expect to procure the Core Product from Ascendis Pharma for the commercial supply until 2028 following our anticipated commercialization activities in late 2025 after BLA approval. In the long term, we plan to establish our in-house manufacturing capabilities.

Employee and Remuneration Policy

As of December 31, 2024, the Group had 58 full-time employees, all of whom were based in China (including Hong Kong, Macau and Taiwan).

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, benefits, bonus and incentive share options. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including housing, pension, medical insurance and unemployment insurance. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

Our Company has adopted an Equity Incentive Plan and a Post-IPO Share Award Scheme to eligible participants for their contribution or potential contribution to the Group. Please refer to the sections headed "Employee Incentive Plan" and "Post-IPO Share Award Scheme" in this annual report for further details. The total staff costs (including Directors' emoluments) incurred by the Group for the year ended December 31, 2024 was approximately RMB98.8 million, as compared to approximately RMB66.6 million for the year ended December 31, 2023.

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.

Intellectual Property

We own the intellectual property rights to exclusively develop, manufacture, and commercialize our Core Product and other drug candidates in China (including Hong Kong, Macau and Taiwan). As of the Latest Practicable Date, we have exclusively licensed from Ascendis Pharma 53 issued patents in China (including Hong Kong, Macau and Taiwan), and 61 pending patent applications in China (including Hong Kong, Macau and Taiwan). In addition, as of the Latest Practicable Date, we hold two pending patent applications in sole ownership relating to lonapegsomatropin, and two issued patents and ten pending patent applications in joint ownership in the PRC in relation to our development of container closure system. Our patent and patent application portfolio includes the following:

Lonapegsomatropin. We have exclusively licensed from Ascendis Pharma nine issued patents and six patent applications in China (including Hong Kong, Macau and Taiwan) and currently hold two patent applications in sole ownership in the PRC relating to lonapegsomatropin. The issued patents are projected to expire in 2037.

TransCon CNP (navepegritide). We have exclusively licensed from Ascendis Pharma 17 issued patents and 18 patent applications in China (including Hong Kong, Macau and Taiwan) relating to TransCon CNP (navepegritide). The issued patents are projected to expire in 2040.

Palopegteriparatide. We have exclusively licensed from Ascendis Pharma 18 issued patents and 25 patent applications in China (including Hong Kong, Macau and Taiwan) relating to palopegteriparatide. The issued patents are projected to expire in 2040.

Auto-Injector. We have exclusively licensed from Ascendis Pharma ten issued patents and 12 patent applications in China (including Hong Kong, Macau and Taiwan) relating to the auto-injector. The issued patents are projected to expire in 2038.

Container closure system. We currently hold two issued patents and ten patent applications relating to the container closure system in the PRC in joint ownership. The issued patents are projected to expire in 2034.

We conduct our business mainly under the brand name of "VISEN Pharmaceuticals" (维昇药业). As of the Latest Practicable Date, we had 127 registered trademarks and four pending trademark applications in China (including Hong Kong, Macau and Taiwan). We have one domain name, which is *www.visenpharma.com*.

During the year ended December 31, 2024, we were not a party to any material legal or administrative proceedings in connection with intellectual property rights or otherwise, and we are not aware of any claims or proceedings contemplated by governmental authorities or third parties which could materially and adversely affect our business.

Future Outlook

To achieve our mission to become a leading biopharmaceutical company in developing and commercializing endocrine therapies in China (including Hong Kong, Macau and Taiwan), we intend to pursue the following strategies.

- rapidly advance the regulatory approval of our Core Product and the clinical development and regulatory approval of other pipeline candidates;
- build commercialization capabilities backed by patient support and market access in anticipation of the commercial launch of our Core Product and lay the foundation for commercialization of future drug candidates;
- establish localized manufacturing capabilities to secure the supply of our Core Product and future potential drug candidates in China (including Hong Kong, Macau and Taiwan);
- expand the endocrine disease indications covered by our Core Product, two key drug candidates, and new potential drugs based on transient conjugation technology (TransCon);
- further expand our pipeline portfolio through strategic in-licensing, collaborations and partnerships for endocrine therapies looking to enter China (including Hong Kong, Macau and Taiwan); and
- establish a recognized and leading franchise in endocrinology in China (including Hong Kong, Macau and Taiwan).

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2024 and up to the date of this annual report.

FINANCIAL REVIEW

Discussion of Certain Key Items of the Consolidated Statement of Profit or Loss and Other Comprehensive Income

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this annual report.

	Year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Other income	**9,864**	11,356
Other gains and losses, net	**2,375**	(106,695)
Research and development costs	**(90,521)**	(57,690)
Administrative expenses	**(86,434)**	(79,944)
Finance costs	**(161)**	(317)
Listing expenses	**(17,365)**	(16,280)
Loss before tax	**(182,242)**	(249,570)
Income tax expense	**–**	–
Loss for the year	**(182,242)**	(249,570)

Other Income

Our other income decreased by 13.1% from RMB11.4 million in 2023 to RMB9.9 million in 2024, primarily attributable to a decrease of RMB4.4 million in bank interest income as a result of a decrease in our average bank deposit balance in 2024, partially offset by an increase of RMB2.9 million in the government grants and other subsidies related to income.

Other Gains and Losses, Net

We recorded net other gains of RMB2.4 million in 2024 as compared to net other losses of RMB106.7 million in 2023, primarily due to the loss from a discontinued procurement contract recorded in the amount of RMB109.0 million in relation to our cancellation of the commitment to purchase the previously reserved drug substance under the commitment and pre-payment agreement in February 2023.

Research and Development Costs

Our research and development costs increased by 56.9% from RMB57.7 million in 2023 to RMB90.5 million in 2024, primarily due to (i) the reversal of certain share-based payment expenses of RMB29.3 million in 2023 mainly in relation to the retirement of relevant employees in 2023; and (ii) an increase of costs related to technology transfer of RMB9.9 million in 2024 in line with the technology transfer progress.

Administrative Expenses

Our administrative expenses increased by 8.1% from RMB79.9 million in 2023 to RMB86.4 million in 2024, primarily due to the reversal of certain share-based payment expenses of RMB14.0 million in 2023 mainly in relation to the re-assessment of certain milestone achievements under the Equity Incentive Plan, partially offset by a decrease in staff remuneration costs of RMB10.4 million.

Finance Costs

Our finance costs remained relatively stable at RMB0.3 million and RMB0.2 million in 2023 and 2024, respectively.

Listing Expenses

Our listing expenses increased by 6.7% from RMB16.3 million in 2023 to RMB17.4 million in 2024, primarily due to the increased professional services provided by the joint sponsors, legal counsels and other professional service providers in relation to the Listing.

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 27.0% from RMB249.6 million in 2023 to RMB182.2 million in 2024.

Discussion of Certain Key Items of the Consolidated Statement of Financial Position

Net Current Assets

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
CURRENT ASSETS		
Prepayments and other receivables	**11,184**	16,972
Amounts advanced to a related party	**7,802**	9,367
Cash and cash equivalents	**203,587**	347,782
Total current assets	**222,573**	374,121
CURRENT LIABILITIES		
Trade and other payables	**38,788**	37,582
Deferred income	**–**	2,900
Amounts due to related parties	**11,403**	8,790
Lease liabilities	**1,997**	2,552
Total current liabilities	**52,188**	51,824
NET CURRENT ASSETS	**170,385**	322,297

Our net current assets decreased from RMB322.3 million as of December 31, 2023 to RMB170.4 million as of December 31, 2024, primarily due to a decrease of RMB144.2 million in cash and cash equivalents as a result of the operating costs associated with our R&D and administrative activities.

Prepayments and Other Receivables

Our prepayments and other receivables decreased from RMB33.6 million as of December 31, 2023 to RMB32.0 million as of December 31, 2024, primarily due to (i) a decrease of RMB2.3 million in bank interest receivable as a result of a decrease in our average bank deposit balance in 2024; and (ii) a decrease of RMB1.7 million in prepayments for research and development services in line with the progress of our R&D activities, partially offset by an increase of RMB4.4 million in value-added tax recoverable mainly in relation to our operating activities.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB347.8 million as of December 31, 2023 to RMB203.6 million as of December 31, 2024, primarily due to the operating costs associated with our R&D and administrative activities.

Amounts Advanced to a Related Party

Our amounts advanced to a related party, as non-current asset and of trade nature, remained the same at RMB39.2 million as of December 31, 2023 and 2024.

Our amounts advanced to a related party, as current asset and of trade nature, decreased from RMB9.4 million as of December 31, 2023 to RMB7.8 million as of December 31, 2024, primarily because we received approximately RMB4.7 million worth of the materials prepaid for R&D purposes in the fourth quarter of 2024.

Trade and Other Payables

Trade and other payables increased from RMB37.6 million as of December 31, 2023 to RMB38.8 million as of December 31, 2024, primarily due to (i) an increase of RMB2.2 million in other payables primarily attributable to the progress of land reclamation; and (ii) an increase of RMB1.2 million in accrued expenses for research and development services in line with the progress of our R&D activities, partially offset by a decrease of RMB2.0 million in accrued listing expenses and a decrease of RMB1.2 million in salary and discretionary bonus payables.

Amounts Due to Related Parties

Our amounts due to related parties increased from RMB8.8 million as of December 31, 2023 to RMB11.4 million as of December 31, 2024, primarily due to an increase in the service transaction amount with related parties in line with our R&D activities.

Liquidity and Capital Resources

Our primary uses of cash are to fund the R&D of our Core Product and other pipeline programs, administrative expenses and other recurring expenses. During the year ended December 31, 2024, we incurred negative cash flows from our operations and substantially all of our operating cash outflows resulted from our R&D costs and administrative expenses. Our net cash used in operating activities was RMB140.9 million in 2024. As of December 31, 2024, our cash and cash equivalents amounted to RMB203.6 million.

Our operating cash flow will continue to be affected by our R&D expenses and administrative expenses. We expect to improve our net operating cash outflows position following the approval and commercialization of our drug candidates in the future. During the year ended December 31, 2024, we funded our working capital requirements through proceeds from private equity financing. Our management closely monitors uses of cash and cash equivalents and strives to maintain a robust liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations.

Indebtedness

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,	
	2024	2023
	RMB'000	RMB'000
CURRENT		
Lease liabilities	**1,997**	2,552
NON-CURRENT		
Lease liabilities	**360**	1,097
Total	**2,357**	3,649

Except as presented above, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, unutilized bank facilities, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of December 31, 2024. Our Directors confirm that there has not been any material change in our indebtedness since December 31, 2024 up to the date of this annual report.

Contingent Liabilities

As of December 31, 2024, we did not have any contingent liabilities. We confirm that as of the date of this annual report, there had been no material changes or arrangements to our contingent liabilities.

Key Financial Ratio

The following table sets forth the current ratio of our Group as of the dates indicated:

	As of December 31,	
	2024	2023
Current ratio[(1)]	**4.26**	7.22

Note:

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

Our current ratio decreased from 7.22 as of December 31, 2023 to 4.26 as of December 31, 2024, mainly due to a decrease in our current assets from RMB374.1 million as of December 31, 2023 to RMB222.6 million as of December 31, 2024, which was primarily due to a decrease of RMB144.2 million in cash and cash equivalents as a result of the operating costs associated with our R&D and administrative activities.

MARKET RISKS

We are exposed to a variety of financial risks, including foreign currency risk, credit risk and liquidity risk, as set out below. We regularly monitor our exposure to these risks and as at the date of this annual report, did not hedge or consider necessary to hedge any of these risks.

Foreign Currency Risk

Foreign currency risk means the risk resulting from changes in foreign currency exchange rates.

We have transactional currency exposures, arising from purchases by operating units in currencies other than the units' functional currencies. The majority of our cash and cash equivalents are denominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise. See note 28 to the consolidated financial statements for further details, including relevant sensitivity analysis.

Credit Risk

For financial assets included in prepayments and other receivables, our management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables.

As of December 31, 2024, cash and cash equivalents were deposited in financial institutions without significant credit risk. See note 28 to the consolidated financial statements for further details.

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. See note 28 to the consolidated financial statements for further details.

CAPITAL STRUCTURE

The Shares were listed on Main Board of the Stock Exchange on the Listing Date. There has been no change in the capital structure of our Company since that date.

SIGNIFICANT INVESTMENTS HELD

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and in the section headed "Future Plans and Use of Proceeds" in this annual report, the Group did not have plan for material investments and capital assets as of the date of this annual report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended December 31, 2024.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in note 29 to the consolidated financial statements in this annual report, the Group is not aware of any significant events which could have a material impact on our operating and financial performance after the Reporting Period.

BOARD OF DIRECTORS

The Board consists of nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors. The table below sets forth the information regarding the Board as of the date of this annual report:

Name	Age	Positions(s)
Directors		
Mr. Michael Wolff JENSEN	53	Chairman of the Board, non-executive Director
Mr. Jan Møller MIKKELSEN	66	Non-executive Director
Mr. FU Shan (付山)	57	Non-executive Director
Mr. LU An-bang (盧安邦)	58	Executive Director, Chief Executive Officer
Mr. Michael J. CHANG	42	Non-Executive Director
Mr. CAO Yibo (曹弋博)	42	Non-executive Director
Dr. YAO Zhengbin (Bing)	59	Independent non-executive Director
Mr. CHAN Peng Kuan (陳炳鈞)	61	Independent non-executive Director
Ms. NI Hong (倪虹)	52	Independent non-executive Director

Executive Director

Mr. LU An-bang (盧安邦), aged 58, was appointed as a Director and Chief Executive Officer of the Company on November 7, 2018. He was re-designated as an Executive Director on March 27, 2021. Mr. Lu is responsible for the overall strategic planning, business direction and day-to-day operational management of the Company. He has been the director of VISEN Shanghai since February 2019, the director of VISEN HK since October 2019, the director of VISEN BVI since November 2020, and the director of VISEN Suzhou since June 2021.

Mr. Lu has over 31 years of experience in global biopharmaceutical development with a proven track record of commercialization and operational success in China. Prior to joining our Group, Mr. Lu worked at Takeda Pharmaceutical Company Limited, where he served as the China general manager, president and the head of greater China consecutively from October 2010 to September 2017. Prior to Takeda, Mr. Lu worked at Servier from September 1994 to September 2010, among which, during May 2006 to September 2010, Mr. Lu served as the general manager of Servier (Tianjin), mainly responsible for the overall development of China.

Mr. Lu obtained his Bachelor's degree in Pharmacy from Taipei Medical University in June 1989. He received his pharmacist certificate in October 1989 and Pharmacist Civil Servant Examination Certificate from the Examination Yuan of Taiwan in April 1990.

DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Directors

Mr. Michael Wolff JENSEN, aged 53, was appointed as a Director and the Chairman of the Board of our Company on January 8, 2021. He was re-designated as a non-executive Director on March 27, 2021. Mr. Jensen is responsible for providing overall guidance on strategic planning, business direction and management of the Company. He has been the director of VISEN BVI and the director of VISEN HK since February 2021, the director of VISEN Shanghai since May 2021, the director of VISEN Suzhou since June 2021, and the director of VISEN Taiwan since December 2021.

Mr. Jensen currently works at Ascendis Pharma A/S, a company listed on Nasdaq (stock code: ASND) and has served as the senior vice president from 2013 to 2023, the executive vice president since 2023, the chief legal officer since June 2013 and the chairman of the board of directors from January 2008 to May 2021. From 2013 to May 2021, he served as the chairman of the board of directors of XSpray Pharma AB, a company listed on Nasdaq Stockholm AB (stock code: XSPRAY). Mr. Jensen served as chairman of a Danish private sports manufacturing goods company from November 2016 to June 2019. He has served as the chairman of the board of directors of Vicore Pharma Holding AB, a company listed on Nasdaq Stockholm AB (stock code: VICO) from May 2020 to March 2022.

From December 2011 to June 2019, Mr. Jensen served as a board member and the chairman of the board of directors of Eurocine Vaccines AB, a company listed on Spotlight Stock Market (stock code: EUCI). From October 2010 to June 2013, Mr. Jensen served as senior legal adviser and the head of partnerships in France office for the renewable business division of Ørsted A/S (formerly known as Dong Energy A/S), a company listed on the NASDAQ OMX Copenhagen (stock code: CPH). From 2003 to 2008, he served as executive vice president and chief financial officer of LifeCycle Pharma A/S, now Veloxis Pharmaceuticals A/S, a company formerly listed on the NASDAQ OMX Copenhagen (stock code: VELO) until January 2020. Prior to joining Veloxis Pharmaceuticals A/S, Mr. Jensen served as the general counsel and chief financial officer of Genmab A/S, a company listed on Nasdaq Global Select Market and the Copenhagen Stock Exchange (stock code: GMAB), a publicly traded biotechnology company from 2000 to 2003.

Mr. Jensen obtained his Master of Laws degree from University of Copenhagen in 1997.

Mr. Jan Møller MIKKELSEN, aged 66, was appointed as a Director on November 7, 2018. He was re-designated as a non-executive Director on March 27, 2021. Mr. Mikkelsen is responsible for participating in formulating the Company's corporate and business strategies. He has been the director of VISEN Shanghai since February 2019, the director of VISEN HK since October 2019, the director of VISEN BVI since November 2020, and the director of VISEN Suzhou since June 2021.

Mr. Mikkelsen currently serves as the chairman of the board of directors of Hummingbird Bioscience Holdings Limited. Mr. Mikkelsen founded Ascendis Pharma A/S (Nasdaq: ASND) and has served as president and chief executive officer as well as board member since December 2007. From 2002 to 2006, Mr. Mikkelsen served as the president and chief executive officer of LifeCycle Pharma A/S, now Veloxis Pharmaceuticals A/S, a company listed on the NASDAQ OMX Copenhagen (stock code: VELO). From 2000 to 2002, Mr. Mikkelsen was the president of the pharmaceutical division of Maxygen, Inc. Prior to that, Mr. Mikkelsen co-founded ProFound Pharma A/S, a biopharmaceutical company that was later acquired by Maxygen, Inc., and served as co-chief executive officer from 1999 to 2000. Prior to that, Mr. Mikkelsen held various positions at Novo Nordisk A/S, a global healthcare company, including vice president of protein discovery. Mr. Mikkelsen currently serves as a member of the advisory board of Inspirion Delivery Technologies, a specialty pharmaceutical company.

Mr. Mikkelsen received a Cand. Scient. degree in Biochemistry from the University of Odense, Denmark in July 1985, and pursued his post-doctoral research at Children's Hospital in Oakland, CA from July 1985 to January 1986.

Mr. FU Shan (付山), aged 57, was appointed as a Director on November 2018, and re-designated as a non-executive Director on March 27, 2021. Mr. Fu is responsible for participating in formulating the Company's Corporate and business strategies. He has been the director of VISEN HK since November 2018, the director of VISEN Shanghai since February 2019, the director of VISEN BVI since November 2020, and the director of VISEN Suzhou since June 2021.

Mr. Fu has served as joint chief executive officer and the greater China chief executive officer of Vivo Capital LLC since October 2013. Since July 2018, Mr. Fu has served as a non-executive director of Sinovac Biotech Ltd., a company listed on the NASDAQ Global Market (stock code: SVA). Since January 2016, Mr. Fu has served as a non-executive director in TOT BIOPHARM International Company Limited, a company listed on the Stock Exchange (stock code: 1875). From June 2021 to March 2024, Mr. Fu served as a director of Genetron Holdings Limited (a company previously listed on the NASDAQ Global Market (stock code: GTH) and delisted in March 2024). From February 2018 to March 2023, he served as a non-executive director in InnoCare Pharma Limited, a company listed on the Stock Exchange (stock code: 9969). From June 2008 to October 2013, Mr. Fu was the senior managing director of the Beijing branch of Blackstone (Shanghai) Equity Investment Management Company Limited. From June 2003 to March 2008, he worked at China National Development and Reform Commission and served as the director of general office and the director of policy and regulations department. Prior to that, he was the director of policy and foreign investment department in the State Economic and Trade Commission of China.

Mr. Fu received his Bachelor of Arts degree in history from Peking University in July 1988. He obtained his Master's degree in history from Peking University in July 1991.

Mr. Michael J. CHANG, aged 41, was appointed as a non-executive Director on December 1, 2023. Mr. Chang is responsible for participating in formulating the Company's corporate and business strategies.

Mr. Chang worked in Vivo Capital LLC since August 2012 and now is a managing partner of Vivo Capital LLC. Prior to joining Vivo Capital, Mr. Chang worked at Johnson & Johnson, a company listed on NYSE (stock code: JNJ), serving as a senior manager from August 2008 to September 2010 and a part-time consultant in 2011. From August 2006 to July 2008, Mr. Chang served as a consultant in Strategy & (formerly known as Booz & Company Inc.) Prior to that, Mr. Chang worked as an analyst in the healthcare team of Fletcher Spaght Inc. from July 2005 to May 2006.

Mr. Chang obtained his Bachelor's degree in Economics from Harvard College in 2005, and obtained an M.B.A. from Harvard Business School in 2012.

Mr. CAO Yibo (曹弋博), aged 42, was appointed as a Director on January 8, 2021 and re-designated as a non-executive Director on March 27, 2021. Mr. Cao is responsible for participating in formulating the Company's Corporate and business strategies. He has been the director of VISEN BVI and VISEN HK since February 2021, the director of VISEN Shanghai since May 2021, and the director of VISEN Suzhou since June 2021.

Mr. Cao works at Hongshan and has served as the managing director since July 2017. Mr. Cao joined Vivo Capital LLC in August 2011 and left as a managing director in July 2017. Since December 2020, Mr. Cao has served as a director of Beijing Microread Genetics Co., Ltd., a company listed on the National Equities Exchange and Quotations (stock code: 873723).

Mr. Cao obtained his Bachelor's degree in pharmacy and his Master's degree in science (majored in clinical pharmacy) from Peking University in July 2005 and July 2007, respectively.

Independent Non-Executive Directors

Dr. YAO Zhengbin (Bing), aged 59, was appointed as an independent non-executive Director effective as of April 1, 2021, and is primarily responsible for supervising and providing independent judgment to the Board. Dr. Yao has also been serving in the capacity as an independent director of our subsidiary VISEN BVI since April 2021.

Dr. Yao is currently serving as the chief executive officer and chairman of the board of the ArriVent BioPharma, Inc., a company listed on the Nasdaq (stock code: AVBP) since June 2021. Dr. Yao has also been serving as a director of Alumis Inc, a company listed on the Nasdaq (stock code: ALMS), developing therapeutics for autoimmune diseases since June 2021. Dr. Yao has served as a director of NexImmune, Inc., a company listed on the Nasdaq (stock code: NEXI), from January 2017 to August 2024, the chief executive officer and president of Viela Bio, Inc., a company listed on Nasdaq ("**Viela**", stock code: VIE) from February 2018 to March 2021, and the chairman of the board of Viela Bio, Inc. from January 2019 to March 2021, until it was acquired by Horizon Therapeutics Public Limited Company ("**Horizon**", Nasdaq: HZNP). Dr. Yao previously served as senior vice president of Respiratory, Inflammation and Autoimmune at MedImmune, a subsidiary of AstraZeneca, and senior vice president and head of Immuno-Oncology Franchise, AstraZeneca Plc, a company primarily listed on the London Stock Exchange (stock code: AZN). He has held various positions including vice president of research and senior director of discovery biology at Tanox, Inc. before it was acquired by Genentech.

Dr. Yao received his Master's in Science degree in immunology from Anhui Medical University in Anhui, China in July 1989 and Ph.D. degree in microbiology and immunology from the University of Iowa in June 1994.

Mr. CHAN Peng Kuan (陳炳鈞), aged 61, was appointed as an independent non-executive Director effective as of April 1, 2021, and is primarily responsible for supervising and providing independent judgment to the Board. Mr. Chan has also been serving in the capacity as an independent director of our subsidiary VISEN BVI since April 2021.

Mr. Chan has served as an independent non-executive director at JW (Cayman) Therapeutics Co. Ltd (stock code: 2126) since August 2024, CANbridge Pharmaceuticals Inc. (stock code: 1228) and Yonghe Medical Group Co., Ltd. (stock code: 2279) since June 2021, respectively, all of which are listed on the Stock Exchange. From February 2019 to November 2024, Mr. Chan served as an independent non-executive director at Yincheng International Holding Co., Ltd., a company listed on the Stock Exchange (stock code: 1902). From October 2017 to May 2019, Mr. Chan served as the chief financial officer of Elegance Optical Int'l Holdings Ltd, a company listed on the Stock Exchange (stock code: 907). From January 2012 to September 2017, he served as the chief operating officer at CITIC Merchant Co., Limited. Prior to that, he worked at Piper Jaffray Asia Limited from January 2011 to November 2011 and served as the head of Asia CIG and Cleantech at the investment banking department. From March 2005 to January 2011, he worked at BNP Paribas Capital (Asia Pacific) Limited with his last position as the managing director of corporate finance – greater China coverage department. From August 2000 to December 2004, Mr. Chan served as an executive director of Sanyuan Group Limited (三元集團有限公司), a company delisted from the Stock Exchange in December 2009 (stock code: 0140), which principally engaged in property investment and bio-pharmaceuticals, with the mission of restructuring its business activities and materialising its debt restructuring plan.

Mr. Chan obtained his Bachelor of Commerce degree from University of Canterbury in New Zealand in May 1989 and his Master of Applied Finance degree from Macquarie University in Australia in November 1998. Mr. Chan is a Chartered Accountant of the Chartered Accountants Australia and New Zealand and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

Ms. NI Hong (倪虹), aged 52, was appointed as an independent non-executive Director effective as of April 1, 2021, and is primarily responsible for supervising and providing independent judgment to the Board. Ms. Ni has also been serving in the capacity as an independent director of our subsidiary VISEN BVI since April 2021.

Ms. Ni has served as independent director of Zhihu Inc., a company listed on the New York Stock Exchange (stock code: ZH), since March 2021, Acotec Scientific Holdings Limited, a company listed on the Stock Exchange (stock code: 6669), since August 2021, ATA Creativity Global (formerly known as ATA Inc.), a company listed on Nasdaq (stock code: AACG) since January 2008, Ucloudlink Group Inc., a company listed on Nasdaq (stock code: UCL) since June 2020.

Ms. Ni served as an independent non-executive director of Digital China Holdings Limited, a company listed on the Stock Exchange (stock code: 0861), from September 2010 to June 2024, an executive director of COGOBUY Group, a company listed on the Stock Exchange (stock code: 400), from March 2015 to June 2020 and a non-executive director from June 2020 to June 2022. Previously, Ms. Ni worked as a practicing attorney at Skadden, Arps, Slate, Meagher & Flom LLP in New York and Hong Kong, specializing in corporate finance.

Ms. Ni obtained her Juris Doctor degree from the University of Pennsylvania Law School in May 1998 and her bachelor's degree in applied economics and business management from Cornell University in May 1994.

SENIOR MANAGEMENT

Our senior management consists of Mr. LU An-Bang (盧安邦), Dr. CHEN Jun (陳軍) and Mr. WU Jian (吳建). For the biographical details of Mr. Lu, please see the subsection headed "Board of Directors – Executive Director" in this section.

Dr. CHEN Jun (陳軍), aged 55**,** was appointed as the Chief Commercial Officer of our Company on April 1, 2021 and is responsible for the overall management of the drug commercialization of our Group.

Dr. Chen has served as vice president of diabetes portfolio business unit at Eli Lilly China from July 2018 to March 2021. From May 2016 to July 2018, he was vice president of diabetes business group of Medtronic in greater China. From January 2002 to April 2016, Dr. Chen served at various management roles at Novo Nordisk USA and China where his final position was vice president of marketing at Novo Nordisk China from October 2010 to April 2016. He was an associate at McKinsey & Company from 2000 to 2002. Prior to that, Dr. Chen was pharmaceutical scientist at Merck & Co. and its affiliate company Merial Ltd. from 1997 to 2000.

Dr. Chen received his Bachelor's degree in molecular biology from the University of Science and Technology of China in July 1992, and his Ph.D. degree from Purdue University in the U.S. in May 1997.

Mr. WU Jian (吳建), aged 49, was appointed as the Executive Advisor of our Company on January 4, 2022 and is responsible for capital market activities, investor relations, and strategy formulation and enforcement of our Group.

Prior to joining the Group, Mr. Wu has served as the head of equity capital markets and executive director of the corporate finance and capital markets services division of ICBC International Holdings Limited from August 2015 to March 2021. From December 2013 to August 2015, Mr. Wu was the director of the global capital market department of China Merchants Securities (HK) Co., Ltd.. From May 2011 to April 2013, Mr. Wu was the head of China ECM of the equity capital markets of investment banking department of Daiwa Capital Markets Hong Kong Limited. From January 2010 to May 2011, Mr. Wu was the vice president of investment banking department of BOCOM International Holdings Company Limited. From February 2008 to October 2009, Mr. Wu was an associate in the global banking division of Deutsche Bank, Hong Kong Branch. Mr. Wu served as a senior software engineer at BEA Systems, Inc. from July 2002 to September 2006.

In January 2008, Mr. Wu received his Master of Business Administration degree from the University of Oxford, the United Kingdom. In May 2002, Mr. Wu received his Master's degree in information management and systems from University of California, Berkeley, the United States. In June 1998, Mr. Wu received his Bachelor's degree in management information systems from the Tsinghua University.

COMPANY SECRETARY

Ms. Chan Sze Ting (陳詩婷) has been appointed as the company secretary of the Company on March 8, 2025. Ms. Chan currently serves as a director of the Company Secretarial Services of Tricor Services Limited, a member of Vistra Group.

Ms. Chan has over 19 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Chan is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chan holds a bachelor of laws degree from the University of London.

DIRECTORS' REPORT

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

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on November 1, 2018.

The Company's Shares were listed on the Main Board of the Stock Exchange on March 21, 2025.

PRINCIPAL ACTIVITIES

We are a late-stage, near-commercialization biopharmaceutical company focused on providing treatments in selected endocrinology diseases in China (including Hong Kong, Macau and Taiwan). Since our inception, we have built a pipeline of three drug candidates targeting selected endocrine diseases, all of which were in-licensed from our collaboration partner, Ascendis Pharma. Since our inception and until the date of this annual report, we have been conducting further research and development of such drug candidates. There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this annual report. Please refer to "Business Review" under "Management Discussion and Analysis" of this annual report for details of the Group's principal activities.

SUBSIDIARIES

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

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

From the Listing Date up to the date of this annual report, there was no purchase, sale or redemption of any listed securities of our Company by our Company or any of its subsidiaries.

PUBLIC FLOAT

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

OVERVIEW OF OUR PERFORMANCE OVER THE REPORTING PERIOD

A fair review of the business of our Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of our Group's financial performance for the year ended December 31, 2024 and an indication of likely future developments in our Group's business, is set out in the section headed "Management Discussion and Analysis" from pages 6 to 20 of this annual report. Those discussions form part of this annual report. Events affecting our company that have occurred since the end of the 2024 financial year are set out in "Important Events after Reporting Period" in this annual report.

Description of principal risks and uncertainties that the Group may be facing can be found in the section headed "Directors' Report — Principal risks and uncertainties" on page 33 of this annual report. In addition, discussions on the key relationships with the stakeholders, compliance with the relevant laws and regulations, environmental policies and performance are set out on page 31 and page 32 of this annual report and will also be set out in the "Environmental, Social and Governance Report" on pages 79 to 119 of this annual report.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 125 of this annual report.

FINANCIAL SUMMARY

A summary of the consolidated statements of profit or loss and other comprehensive income, and consolidated statements of financial position of the Group are set out on page 5 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the amended and restated Memorandum and Articles of Association of our Company adopted on March 8, 2025 and became effective on March 21, 2025, the Listing Date, as amended (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.

DIRECTORS' REPORT

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2024 are set out in note 20 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

DONATION

No charitable or other donations were made by the Group during the year ended December 31, 2024.

DEBENTURE ISSUED

The Group has not issued any debentures during the year ended December 31, 2024.

EQUITY-LINKED AGREEMENTS

Save as disclosed in "Equity Incentive Plan" and "Post-IPO Share Award Scheme" on pages 39 to 44 of this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2024.

DIVIDENDS

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

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company had no reserves available for distribution to the Shareholders.

USE OF PROCEEDS

With the Shares of the Company listed on the Main Board of the Stock Exchange on March 21, 2025, the net proceeds from the Global Offering (after the full exercise of the Offer Size Adjustment Option, as defined in the Prospectus) were approximately HK$672.3 million (equivalent to RMB620.2 million based on the exchange rate set out in the Prospectus), after deducting underwriting commissions and offering expenses paid or payable. As of the date set out in this annual report, our Company did not change its plan on the use of proceeds as stated in the Prospectus and did not utilize any of the proceeds from the Global Offering. Our Company intends to use the net proceeds in the same manner as and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The breakdown of our expected uses of proceeds from the Global Offering (after the full exercise of the Offer Size Adjustment Option) is as follows:

	Percentage of net proceeds from the Global Offering	Net proceeds from the Global Offering RMB million	Expected timeline of full utilization
Lonapegsomatropin Import BLA registration	7.0%	43.4	by end of 2025
Lonapegsomatropin R&D of locally manufactured product	20.4%	126.5	by end of 2026
Lonapegsomatropin R&D of new indication expansion	31.7%	196.6	by end of 2027
Lonapegsomatropin commercial supply	24.9%	154.4	by end of 2026
Palopegteriparatide R&D and regulatory filing	7.6%	47.1	by end of 2026
Navepegritide R&D of China Phase 2 trial	1.8%	11.2	by end of 2026
General working capital	6.6%	41.0	by end of 2027
Total Net Proceeds	**100.0%**	**620.2**	

BORROWINGS

As of December 31, 2024, we had no outstanding borrowings.

Gearing ratio was not applicable as the Group recorded net cash as of December 31, 2024. Gearing ratio is calculated by dividing total borrowings and lease liabilities net of cash and cash equivalents by total equity and multiplied by 100%.

PLEDGE OF ASSETS

As of December 31, 2024, none of our assets were pledged to secure our loans and banking facilities.

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, clients, suppliers and other business associates are key to the Group's success. The Group strives to cultivate long-term relationships with them.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2024 and as of the date of this annual report, we have not generated any revenue from product sales and do not expect to generate any revenue from product sales before the commercialization of one or more of our drug candidates.

The aggregate purchases attributable to our Group's five largest suppliers for the year ended December 31, 2024 amounted to RMB45.4 million (2023: RMB30.0 million), accounting for approximately 61% (2023: 45%) of our Group's total purchases. The aggregate purchase attributable to our Group's largest supplier for the year ended December 31, 2024 amounted to RMB20.6 million (2023: RMB17.7 million), accounting for approximately 28% (2023: 26%) of our Group's total purchases.

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

Save for Ascendis Pharma, all of our Group's five largest suppliers during the year ended December 31, 2024 are Independent Third Parties, and none of our Directors, their respective associates nor any Shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital, has any interest in any of our Group's five largest suppliers during the year ended December 31, 2024.

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. During the year ended December 31, 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is subject to various social, health, safety and environmental laws and regulations and its operations are regularly inspected by local government authorities. The Group believes it has adequate policies and SOPs ensuring compliance with all social, health, safety and environmental protection regulations. Particularly, it believes its continued growth rests on integrating social values into its business. The Group intends to create a lasting positive environmental, social and governance ("**ESG**") impact on our future customers, suppliers and the broader community whom its operation may impact. The Group acknowledges its responsibilities on environmental protection, social responsibilities and are aware of the climate-related issues that may have impact on its business.

For further details of our Company's environmental performance and relationship with its employees and suppliers, please refer to the section headed "Environmental, Social and Governance Report" set out in this annual report.

EMPLOYEE AND REMUNERATION POLICY

For details, please refer to "Management Discussion and Analysis — Employee and Remuneration Policy" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

Our operations involve certain risks and uncertainties, some of which are beyond our control. Some of the major risks and uncertainties we face include:

- Our rights to develop, manufacture and commercialize our drug candidates are subject to the terms and conditions of licenses granted to us by Ascendis Pharma. If we fail to comply with our obligations in our Exclusive License Agreements with Ascendis Pharma, we could lose the rights to develop, manufacture and commercialize our drug candidates and be required to pay monetary damages, which could materially and adversely affect our business operations.

- We expect to procure the Core Product from Ascendis Pharma for the commercial supply until 2028 following our anticipated commercialization activities in late 2025 after BLA approval, which may expose us to risks such as potential disruptions in the supply chain and a lack of control over the quality and timing of product supply, and may adversely affect our business and profitability.

- We have a limited operating history, no products approved for commercial sale, never generated any revenue and may incur significant losses in the future, which makes it difficult to assess our future viability. The risks involved in our business may cause potential investors to lose substantially all of their investment in us.

- We have incurred losses in every year since our inception. We expect to continue to incur losses over the next several years and may never achieve or maintain profitability.

- None of our drug candidates has received a marketing approval in China (including Hong Kong, Macau and Taiwan). If we are unable to advance our drug candidates through clinical development, obtain regulatory approval and/or ultimately commercialize our drug candidates, or experience significant delays in doing so, our business and profitability will be materially harmed.

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.

DIRECTORS' REPORT

CONTRACTS AND RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section "Continuing Connected Transactions and Related Party Transactions" below and in this annual report, no contract of significance or contract of significance for the provision of services was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2024.

MATERIAL LITIGATION

Our Company was not involved in any material litigation or arbitration during the Reporting Period. Our Directors are also not aware of any material litigation or claims that are pending or threatened against our Group during the Reporting Period.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this annual report were:

Executive Director
Mr. LU An-Bang (盧安邦) *(Chief Executive Officer)*

Non-executive Directors
Mr. Michael Wolff JENSEN *(Chairman)*
Mr. Jan Møller MIKKELSEN
Mr. FU Shan (付山)
Mr. Michael J. CHANG
Mr. CAO Yibo (曹弋博)

Independent Non-Executive Directors
Dr. YAO Zhengbin (Bing)
Mr. CHAN Peng Kuan (陳炳鈞)
Ms. NI Hong (倪虹)

Pursuant to Article 16.19 of the Articles of Association, notwithstanding any other provisions in these Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Also, 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 first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

Details of the Directors standing for re-election at the forthcoming annual general meeting are set out in the circular to be published by the Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out in the section headed "Directors and Senior Management" on pages 21 to 27 of this annual report.

There were no changes in information of Directors of the Company that are required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him as a Director or other officer of the Company by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has purchased liability insurance to provide appropriate coverage for the Directors.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

The executive Director has entered into a service contract with our Company under which he agreed to act as executive Director for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from the Listing Date.

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of our Directors control a business similar to principal business of our Group that competes or is likely to compete, either directly or indirectly, with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

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

As of the date of this annual report, the interests and short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code, were as follows:

(i) Interest in the Shares

Name of Director	Nature of interest	Number of Shares interested[2][3]	Approximate percentage of shareholding[3]
Mr. LU An-bang (盧安邦)	Beneficiary of a trust/Founder of a discretionary trust[1]	5,000,000 (L)	4.4%

Notes:

(1) The VPP Trust is a discretionary trust established by Mr. Lu as the settlor, whose beneficiaries include, among others, Mr. Lu and his family members. The trustee of the VPP Trust is Tricor Equity Trustee Limited. Therefore, under the SFO, Mr. Lu is deemed to be interested in the Shares which are held by Tricor Equity Trustee Limited through VPP LU Limited.

(2) (L) denotes a long position in the Shares.

(3) The number and percentage of Shares were calculated based on 113,926,864 Shares of the Company in issue as of the date of this annual report.

Save as disclosed above, as of the date of this annual report, none of the Directors and chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of 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 Model Code.

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

As of the date of this annual report, as far as known to the Company and Directors, the following persons had the interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested[3][4]	Approximate percentage of shareholding[4]
Ascendis Pharma A/S[1]	Interest in controlled corporation	41,136,364 (L)	36.11%
Ascendis Pharma Endocrinology Division[1]	Beneficial interest	20,568,182 (L)	18.05%
Ascendis Pharma Growth Disorders[1]	Beneficial interest	7,713,068 (L)	6.77%
Ascendis Pharma Bone Diseases[1]	Beneficial interest	12,855,114 (L)	11.28%
Vivo Capital IX (Cayman), LLC.[2]	Interest in controlled corporation	37,167,064 (L)	32.62%
Vivo Capital Fund IX (Cayman), L.P. [2]	Interest in controlled corporation	37,167,064 (L)	32.62%
Vivo Plenilune IX Limited[2]	Beneficial interest	37,167,064 (L)	32.62%

Notes:

(1) As of the date of this annual report, (i) Ascendis Pharma Endocrinology Division directly held 20,568,182 Shares; (ii) Ascendis Pharma Growth Disorders directly held 7,713,068 Shares; and (iii) Ascendis Pharma Bone Diseases directly held 12,855,114 Shares. Each of Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders and Ascendis Pharma Bone Diseases is a wholly-owned subsidiary of Ascendis Pharma A/S. As such, under the SFO, Ascendis Pharma A/S is deemed to be interested in the total amount of Shares held by Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders and Ascendis Pharma Bone Diseases.

(2) As of the date of this annual report, Vivo Plenilune IX Limited, or Vivo Capital directly held 37,167,064 Shares. Vivo Plenilune IX Limited is a wholly-owned subsidiary of Vivo Capital Fund IX (Cayman), L.P., which is in turn controlled by its general partner, Vivo Capital IX (Cayman), LLC. As such, under the SFO, Vivo Capital IX (Cayman), LLC. and Vivo Capital Fund IX (Cayman), L.P. are deemed to be interested in the total number of Shares held by Vivo Plenilune IX Limited.

(3) (L) denotes a long position in the Shares.

(4) The number and percentage of Shares were calculated based on 113,926,864 Shares of the Company in issue as of the date of this annual report.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDER OF ANY MEMBER OF OUR GROUP (EXCEPT OUR COMPANY)

As of the date of this annual report, the Directors and chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had the interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, 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 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 equity incentive plan ("**Equity Incentive Plan**") and post-IPO share award scheme ("**Post-IPO Share Award Scheme**") of our Company. Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in note 9 and note 10 to the consolidated financial statements.

During the Reporting Period, none of the Directors waived or agreed to waive any remuneration (2023: nil) 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.

EQUITY INCENTIVE PLAN

The Equity Incentive Plan (the "**Plan**") had been approved and adopted by the Board on April 29, 2019, and as amended and restated by the Board on January 8, 2021 and March 10, 2021, respectively. The Plan is intended to help the Company and its affiliates to secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any affiliate and provide means by which the eligible recipients may benefit from increases in value of the Shares.

The Plan provides for the grant of the following types of share awards, (i) options and share appreciation rights ("**SAR**"); (ii) restricted share awards; (iii) restricted share unit awards ("**RSU**"), and (iv) other share awards, collectively, "Share Awards." Details of the Plan are set out in the paragraph headed "Statutory and General Information – D. Equity Incentive Plan" in Appendix IV to the Prospectus. The terms of the Plan are not subject to the provisions of Chapter 17 of the Listing Rules. After Listing, no further options or other type of awards have been or will be granted pursuant to this Equity Incentive Plan.

As of the date of this annual report, there were outstanding RSUs representing 8,905,500 Shares that had been granted to 24 grantees under the Equity Incentive Plan, among which RSUs representing 5,000,000 Shares were granted to Mr. Lu and held by VPP LU Limited, and RSUs representing 3,905,500 Shares have been granted to other grantees of the Company and held by VP EIP NUS LIMITED and VP EIP US LIMITED.

All the Shares underlying the awards granted under the Plan had been allotted and issued and were held by PRC Employee Trust, U.S. Employee Escrow and Mr. Lu's Trust (as defined in the Prospectus) through their respective nominee entities. Accordingly, the vesting of RSUs granted under the Equity Incentive Plan will not cause any dilution effect on the shareholdings of our Shareholders nor any impact on the earnings per Share arising from the vesting of RSUs.

POST-IPO SHARE AWARD SCHEME

The following is a summary of the principal terms of the Post-IPO Share Award Scheme conditionally adopted by the Shareholders' resolutions dated November 16, 2022, effective from the Listing Date. The terms of the Post-IPO Share Award Scheme are compliant with the provisions of Chapter 17 of the Listing Rules. Since the Listing Date and up to the date of this annual report, no award had been granted, agreed to be granted, exercised, cancelled or lapsed under the Post-IPO Share Award Scheme.

Purpose

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible participants with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of our Group. No performance target is attached to the Post-IPO Share Award Scheme. The Board and the committee of the Board or person(s) to which the Board has delegated its authority shall have the power from time to time, as part of the terms and conditions of any Award (as defined below), to specify the performance targets that must be satisfied before the vesting of the Award pursuant to the terms of the Post-IPO Share Award Scheme.

Eligible Participants

Any individual/entity, being an employee, service provider or any director or employee of any holding companies, fellow subsidiaries or associated companies of the Company (the "**Related Entities**", each a "**Related Entity**"), who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to our Group is eligible to receive an Award. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Post-IPO Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO Share Award Scheme.

Award

An Award gives a selected participant a conditional right, when the Shares vest, to obtain the Shares or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the Award in Shares, the cash equivalent from the sale of the Shares. An Award includes all cash income from dividends in respect of those Shares from the date the Award is granted ("**Grant Date**") to the date the Award vests ("**Vesting Date**"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Shares be paid to the selected participant even though the Shares have not yet vested.

Grant of Award

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a selected participant (in the case of the Board's delegate(s), to any selected participant other than a Director or an officer of our Company) by way of an award letter ("**Award Letter**"). The Award Letter will specify the Grant Date, the number of Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

Each grant of an Award to any selected participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of an Award). Our Company will comply with the relevant requirements under Chapter 14A and Chapter 17 of the Listing Rules for any grant of shares to connected persons and Director, chief executive or substantial shareholder or any of their respective associates of our Company.

Maximum number of Shares available for subscription

The total number of Shares which may be issued upon vesting of all Awards to be granted under the Post-IPO Share Award Scheme and any grants under any other share option scheme and/or share award scheme involving issuance of new Shares adopted and to be adopted by the Company from time to time (the "**Share Schemes (New Shares)**") in compliance with Chapter 17 of the Listing Rules is 10,659,500 (the "**Scheme Mandate Limit**"). Awards and options lapsed/forfeited in accordance with the rules of the Post-IPO Share Award Scheme or the terms of any Share Schemes (New Shares) will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit represents approximately 9.4% of the total issued Shares of the Company (excluding treasury shares) as at the date of this annual report). As approved by the Board and the Shareholders on March 8, 2025, subject to the Scheme Mandate Limit, the current maximum number of Shares that may be issued in respect of all Awards to be granted under this Post-IPO Share Award Scheme is 2,399,500 Shares representing approximately 2.1% of the total issued Shares of the Company (excluding treasury shares) as at the date of this annual report).

The total number of Shares which may be issued in respect of all Awards to be granted to all service providers under the Post-IPO Share Award Scheme shall not exceed 3% of the Scheme Mandate Limit (the "**Service Provider Sublimit**").

The Company may seek approval by its Shareholders in general meeting for refreshment of the Scheme Mandate Limit and the Service Provider Sublimit pursuant to the relevant terms of the Post-IPO Share Award Scheme and in accordance with relevant Listing Rules. The total number of Shares which may be issued in respect of all options and awards to be granted under the Post-IPO Share Award Scheme and Share Schemes (New Shares) as refreshed shall not exceed 10% of the relevant class of Shares in issue (excluding treasury shares) as at the date of approval of the refreshed scheme mandate. Options and awards previously granted under this Post-IPO Share Award Scheme and any other Share Schemes (New Shares) of the Company (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as refreshed.

The Company may seek separate approval by its Shareholders in general meeting for granting Awards beyond the Scheme Mandate Limit, provided that the Awards in excess of the Scheme Mandate Limit are granted only to selected employee specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders in accordance with the relevant requirements under the Listing Rules.

The maximum number of the shares which may be awarded to a selected participant under the Post-IPO Share Award Scheme and any other Share Scheme (New Shares) in any 12-month period shall not exceed 1% of the issued share capital of the Company in issue (excluding treasury shares) (the "**Individual Limit**"). If any grant of Award to an individual selected participant would result in the Shares issued and to be issued in respect of all options and awards granted to such selected participant in the 12-month period up to and including the date of such grant representing in aggregate exceeding the Individual Limit, such grant must be separately approved by Shareholders in general meeting with such selected participant and his close associates (or associates if the selected participant is a connected person) abstaining from voting. In such case, the Company shall send a circular to the Shareholders in accordance with the relevant requirements under the Listing Rules.

If the Company conducts a share consolidation or subdivision, the maximum number of Shares that may be issued in respect of all Awards to be granted under the Post-IPO Share Award Scheme, as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

Vesting of Awards

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

The vesting period for any Award shall not be less than 12 months, provided that a shorter vesting period may apply to the following:

(a) grants of "make-whole" Award to new joinders to replace the share awards they forfeited when leaving the previous employer;

(b) grants to a participant whose employment is terminated due to death or occurrence of any change in control event, in which the vesting of Awards may accelerate;

(c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;

(d) grants that are made in batches during a year for administrative and compliance reasons; and

(e) grants with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months.

If there is an event of change in control of our Company by way of a merger, a privatization of our Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the vesting dates of any Awards will be accelerated to an earlier date.

If necessary to comply with applicable laws, any selected participants who holds the Shares under an Award shall dispose of such Shares: (1) within six (6) months after the termination of employment by reason of retirement, death, permanent physical or mental disablement; or (2) within three (3) months after termination of employment by reason other than retirement, death, permanent physical or mental disablement or by reason of the circumstances as described in section 12 paragraph 3.

Duration and termination

The Post-IPO Share Award Scheme shall be valid and effective until March 21, 2035 (the "**Award Period**") (after which no Awards will be granted), and thereafter for so long as there are any non-vested Shares granted prior to the expiration of the Post-IPO Share Award Scheme, in order to give effect to the vesting of such Shares or otherwise as may be required in accordance with the rules of the Post-IPO Share Award Scheme. Subject to the foregoing, the Board may at any time resolve to terminate the operation of this Post-IPO Share Award Scheme prior to the expiry of the Award Period and in such event no further Awards will be offered or granted, but the provisions of this Post-IPO Share Award Scheme shall remain in full force to the extent necessary to give effect to any subsisting rights of any selected participants under the Post-IPO Share Award Scheme. Awards complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of this Post-IPO Share Award Scheme and in respect of which Shares are not yet issued prior to the termination of the operation of this Post-IPO Share Award Scheme shall continue to be valid in accordance with their terms of issue after the termination of this Post-IPO Share Award Scheme.

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

We have in the past conducted certain transactions with entities that become our connected persons (as defined under Chapter 14A of the Listing Rules) upon Listing. Such transactions continue after Listing and therefore constitute our continuing connected transactions under the Listing Rules. Ascendis Subsidiaries (as defined below), our Controlling Shareholders, are connected persons of our Company.

Since our Company has not been listed for the year ended December 31, 2024, annual review and reporting requirements under Chapter 14A of the Listing Rules are not applicable to our Company for the year ended December 31, 2024. The Company will comply with the relevant requirements under the Listing Rules in its subsequent annual reports. Below set out the non-exempt continuing connected transactions entered by our Company. For details, please refer to "Connected Transactions" section in the Prospectus.

Exclusive License Agreements

Principal Terms

On November 7, 2018, our Company entered into three Exclusive License Agreements (as amended on January 4, 2021) with Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders and Ascendis Pharma Bone Diseases (collectively, "**Ascendis Subsidiaries**"), respectively. Pursuant to the Exclusive License Agreements, the Company obtained from Ascendis Subsidiaries exclusive, royalty-free licenses under their applicable owned patents and other intellectual property or technical information to develop, manufacture and commercialize lonapegsomatropin with its auto-injector, TransCon CNP (navepegritide) with its injector and palopegteriparatide with its injector (collectively, the "**Licensed Products**"), in China (including Hong Kong, Macau and Taiwan) for use in the treatment and/or prevention of any disease, condition or disorder of any human indication (subject to certain exceptions, including diabetes (and certain related metabolic disorders), obesity and ophthalmology). The Company also obtained a right of first negotiation to license from Ascendis Subsidiaries the rights to develop or commercialize certain additional pharmaceutical products for the treatment of endocrine disorders. Each of the Exclusive License Agreements became effective on November 7, 2018 and will remain in effect for an indefinite period until the expiration of the last valid claim of a licensed patent in China (including Hong Kong, Macau and Taiwan) or an early termination by either party. Each of the Exclusive License Agreements may be terminated by either party for the other party's uncured material breach or bankruptcy, by Ascendis Subsidiaries for a change of control of the Company or if the Company or its affiliates challenges (or assists a third party in challenging) in a court the validity, enforceability or scope of certain patents and patent applications as specified in the Exclusive License Agreements, unless some exceptions apply, or by the Company for convenience upon advanced notice.

Ascendis Subsidiaries' Expenses Arrangement and Pricing Policy

Under the Exclusive License Agreements, the Company and Ascendis Subsidiaries agreed to conduct certain R&D activities allocated to themselves respectively under a research and technical development plan mutually agreed by the parties in accordance with the terms of the Exclusive License Agreements (the "**Research and Technical Development Plan**"), and the Company will pay or reimburse (as applicable) Ascendis Subsidiaries for the costs and expenses actually incurred by Ascendis Subsidiaries in carrying out the research and technical development activities as set out in the respective Research and Technical Development Plans in connection with each of the Licensed Products ("**Ascendis Subsidiaries' Expenses**"). The Ascendis Subsidiaries' Expenses comprise:

(i) the out-of-pocket cost incurred by Ascendis Subsidiaries of having any R&D activities performed by approved service providers in accordance with the applicable Research and Technical Development Plan;

(ii) Ascendis Subsidiaries' FTE costs, which is determined based on the number of FTE used by Ascendis Subsidiaries and the applicable FTE rate ranging from Euros (C200,000) to Euros (C300,000) per FTE, depending on Ascendis Subsidiaries' interests in the share capital of the Company, pursuant to the Exclusive License Agreements; and

(iii) any other costs or expenses identified and included in the applicable Research and Technical Development Plan.

In addition, the Company also pays Ascendis Subsidiaries at FTE rate for the assistance as reasonably requested by us and provided by Ascendis Subsidiaries to support the obtaining and maintenance of regulatory approvals of the Licensed Products in China (including Hong Kong, Macau and Taiwan). Ascendis Subsidiaries designates an individual (the "**Ascendis Alliance Manager**") to ensure communication and alignment between Ascendis Subsidiaries and our Company regarding activities carried out under the Exclusive License Agreements. Our Company shall bear the cost for any additional services conducted by such Ascendis Alliance Manager that is not otherwise reimbursed by our Company at the applicable FTE rate (the "**Ascendis Alliance Manager Expenses**"), provided that the prior agreement of our Company and Ascendis Subsidiaries on the scope of such additional services is required.

The applicable FTE rate under the Exclusive License Agreements was determined based on our arms' length negotiation with Ascendis Subsidiaries, and consistent with the market rate charged by personnel with similar seniority and experience.

Subject to the terms of the Exclusive License Agreements, our Group may enter into specific agreements with Ascendis Subsidiaries to set out specific terms and conditions in relation to various matters under the Exclusive License Agreements, including but not limited to commercial supply, FTE costs, supplies for regulatory filing, etc.

Historical Amounts

The following table sets forth historical transaction amounts incurred by the Group in connection with the disbursement arrangement under the respective Exclusive License Agreement with respect to each of the Licensed Products for the year ended December 31, 2024:

	Year ended December 31, 2024 RMB'000
FTE costs	
Lonapegsomatropin	**15,543**
TransCon CNP (navepegritide)	**9,060**
Palopegteriparatide	**136**
Sub-total	**24,739**
Other	
Lonapegsomatropin	**5,074**
Sub-total	**5,074**
Total	**29,813**

Annual Caps

The following table sets out our estimated caps for the disbursement arrangement under the respective Exclusive License Agreement with respect to each of the Licensed Products for the two years ending December 31, 2026:

	Year ending December 31,	
	2025 RMB'000	2026 RMB'000
FTE costs		
Lonapegsomatropin	12,214	7,948
TransCon CNP (navepegritide)	6,805	5,300
Palopegteriparatide	5,202	9,800
Sub-total	24,221	23,048
Other		
Lonapegsomatropin	17,777	–
TransCon CNP (navepegritide)	–	–
Palopegteriparatide	2,403	600
Sub-total	20,180	600
Total	44,401	23,648

Listing Rule Implications and Waiver from Strict Compliance with Contractual Term Requirement

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, the transactions (i.e., the disbursement arrangement) under the Exclusive License Agreements should be aggregated. The Exclusive License Agreements are entered into in the ordinary and usual course of business of our Group on normal commercial terms, and the highest applicable percentage ratio calculated for such transactions, on an aggregate basis, is expected to be more than 5% on an annual basis. As such, these transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

(i) it is impractical and difficult for the Company to set a term of not exceeding three years in respect of the Exclusive License Agreements, as each of the Licensed Products has a product life cycle of more than three years from its development stage since in-licensing to commercialization;

(ii) the indefinite term of the Exclusive License Agreements can secure long-term, exclusive cooperative relationship with Ascendis Pharma, which provides strategic benefits for us to engage in development, manufacturing and commercialization of the Licensed Products in China (including Hong Kong, Macau and Taiwan). In addition, the exclusive term to cooperate with Ascendis Pharma safeguards the interests of our Company and Shareholders as a whole by providing our Company with relevant exclusivity in the relevant area of business;

(iii) If the Exclusive License Agreements are subject to renewal every three years, we may face the unnecessary and substantial risks of failing to renew such agreement upon expiry and bringing disruptions to the development, manufacturing and commercialization of the Licensed Products, and losing our competitive advantages. This may even prevent us from carrying on our business, bringing uncertainty to our continued operation; and

(iv) our Directors consider that the terms of the Exclusive License Agreements are consistent with normal business practices for agreements of a similar nature in the biotechnology industry and are in the best interest of our Group and our Shareholders as a whole, because (x) the indefinite term of the Exclusive License Agreement can secure long-term license rights for us, thus avoiding unnecessary disruptions to our business and enable long-term development and continuity of our operations; and (y) as confirmed by Frost & Sullivan, it is common in the biotechnology industry where similar long-term licensing arrangement are adopted.

Clinical Supply Agreements

Principal Terms

On November 7, 2018, concurrently with the execution of the Exclusive License Agreements, our Company entered into three clinical supply agreements (as amended on August 20, 2021) (the "**Clinical Supply Agreements**", each a "**Clinical Supply Agreement**") with Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders and Ascendis Pharma Bone Diseases with respect to each of Licensed Products, respectively. Pursuant to the respective Clinical Supply Agreement, for use in conducting clinical trials in China (including Hong Kong, Macau and Taiwan), we agreed to procure from:

(1) Ascendis Pharma Endocrinology Division, the lonapegsomatropin drug products and the auto-injector;

(2) Ascendis Pharma Growth Disorders, the TransCon CNP (navepegritide) drug products; and

(3) Ascendis Pharma Bone Diseases, the palopegteriparatide drug products and the injector.

Each Clinical Supply Agreement is effective from the date of the agreement and will remain in effect until its termination. Each of the Clinical Supply Agreements may be terminated by: (x) mutual consent of the parties, (y) either party in the event of the other party's bankruptcy, insolvency, assignment for the benefit of creditors, or uncured material breach or (z) by the Company for convenience upon advanced notice. Each Clinical Supply Agreement will also immediately terminate when the corresponding Exclusive License Agreement is terminated. It is expected that no further amounts will be incurred under the Clinical Supply Agreement after December 31, 2025. As such, the Clinical Supply Agreements would be terminated upon mutual consent following the final delivery of products thereunder.

Pricing Policy

The purchase prices of the Licensed Products under each Clinical Supply Agreement (the "**Clinical Supply Price**") shall be equal to Ascendis Subsidiaries' fully-burdened cost for supplying the Licensed Products (including the costs of purchasing from third-party suppliers and Ascendis Subsidiaries' internal overhead costs attributed to products purchased by the Company), subject to price adjustments which may be required to comply with transfer pricing requirements actually issued by relevant taxing authorities in applicable jurisdictions with respect to the relevant Licensed Products.

Historical Amounts

The following table sets forth historical transaction amounts paid by the Group to Ascendis Subsidiaries under the respective Clinical Supply Agreement with respect to each of the Licensed Products for the year ended December 31, 2024:

	Year ended December 31, 2024 RMB'000
Lonapegsomatropin	**–**
TransCon CNP (navepegritide)	**–**
Palopegteriparatide	**3,310**
Total	**3,310**

Annual Caps

The following table sets out our estimated caps for the aggregate Clinical Supply Price under the respective Clinical Supply Agreement with respect to each of the Licensed Products for the year ending December 31, 2025:

	Year ending December 31, 2025 RMB'000
Lonapegsomatropin	–
TransCon CNP (navepegritide)	–
Palopegteriparatide	1,191
Total	1,191

Listing Rules Implications

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, the transactions under the Clinical Supply Agreements shall be aggregated. The transactions contemplated under the Clinical Supply Agreements are conducted in the ordinary and usual course of business on normal commercial terms and the highest applicable percentage ratio calculated for such transactions, on an aggregate basis, is expected to be more than 0.1% but less than 5% on an annual basis. As such, these transactions will be exempted from the independent shareholders' approval requirements and would require compliance with the reporting and announcement requirements and annual review requirements under Chapter 14A of the Listing Rules.

Commercial Supply Agreement

Principal Terms

On October 23, 2023, our Company entered into a commercial supply agreement (the "**Commercial Supply Agreement**") with Ascendis Pharma Endocrinology Division, pursuant to which the Company agreed to purchase, and Ascendis Pharma Endocrinology Division agreed to sell, lonapegsomatropin drug packages (the "**Drug Packages**"), some additional product items intended for display purposes during marketing events (the "**Demo Product**") and the auto-injectors (the "**Auto-Injectors**"). Upon receiving instructions from the Company to manufacture the relevant products, Ascendis Pharma Endocrinology Division will proceed with the manufacturing process and deliver the relevant products to the Company. In line with the planned commercialization process of our Core Product, the transaction contemplated hereunder would be completed in 2026.

Pricing Policy

The price to be paid for the Drug Packages and the Demo Product will be the manufacturing costs that may be incurred by Ascendis Pharma Endocrinology Division plus an additional 20% mark up. As advised by Frost & Sullivan, the pricing structure of the Drug Packages and the Demo Product adheres to industry standards. The estimated total purchase price of the Drug Packages is RMB64.0 million (EUR8.1 million) and the estimated total purchase price of the Demo Product is RMB0.7 million (EUR0.08 million). Pursuant to the Commercial Supply Agreement, within 14 calendar days upon receiving the invoice from Ascendis Pharma Endocrinology Division after signing the Commercial Supply Agreement, the Company must pay Ascendis Pharma Endocrinology Division a non-refundable pre-payment of RMB39.2 million (EUR5.0 million) for manufacturing costs and commitments related to Drug Packages. For the Demo Product, when the Company instructs Ascendis Pharma Endocrinology Division to manufacture such products, the Company shall pay Ascendis Pharma Endocrinology Division a non-refundable prepayment equal to 50% of the estimate price of the relevant Demo Product upon receipt of the corresponding invoice from Ascendis Pharma Endocrinology Division and shall pay the rest 50% of the estimate price upon receipt of the corresponding invoice from Ascendis Pharma Endocrinology Division 40 calendar days prior to the expected delivery of the Demo Product.

A pre-payment of RMB39.2 million (EUR5.0 million) was made by the Company for the Drug Packages in November 2023. The remaining purchase price of the Drug Packages will be paid in two installments: (i) upon the Company's notification to Ascendis Pharma Endocrinology Division instructing them to manufacture the Drug Packages, the Company will pay RMB4.0 million (EUR0.5 million) to Ascendis Pharma Endocrinology Division; (ii) prior to the final delivery of the Drug Packages, the Company will pay Ascendis Pharma Endocrinology Division RMB20.8 million (EUR2.6 million) upon receiving the relevant invoices from Ascendis Pharma Endocrinology Division. No payment has been made for the Demo Product by the Company to Ascendis Pharma Endocrinology Division as of the Latest Practicable Date. It is anticipated that the Drug Packages will be produced in 2025 to meet the initial market demand for our products. To ensure flexibility in responding to potential future market fluctuations and production demands, recently, the Company entered into an amendment of the Commercial Supply Agreement with Ascendis Pharma Endocrinology Division (the "**Amendment**"). Under the Amendment, both parties agreed that if the Drug Packages were not produced in 2025 and there is a need to adjust the production schedule, the Company shall pay Ascendis Pharma Endocrinology Division RMB9.9 million (EUR1.3 million) as a non-refundable payment for such adjustment.

The amount to be paid to Ascendis Pharma Endocrinology Division for the Auto-Injectors shall be determined by the manufacturing costs incurred by Ascendis Pharma Endocrinology Division plus an additional 20% mark up. The fees for each batch of the Auto-Injectors will be settled in the way below: (i) within 30 days of the Company's notification to Ascendis Pharma Endocrinology Division instructing Ascendis Pharma Endocrinology Division to manufacture the requested amount of the Auto-Injectors and the receipt of the corresponding invoice from Ascendis Pharma Endocrinology Division, the Company shall pay Ascendis Pharma Endocrinology Division a non-refundable pre-payment of 50% of the estimate price per each item; (ii) upon confirming of the expected delivery date and receiving the receipt of Ascendis Pharma Endocrinology Division's estimated total purchase price for the requested amount of the Auto-Injectors, the Company shall make the rest payment to Ascendis Pharma Endocrinology Division within 30 days upon receipt of the invoice from Ascendis Pharma Endocrinology Division.

The Commercial Supply Agreement contains a true-up clause, pursuant to which Ascendis Pharma Endocrinology Division will notify the Company of the final total purchase price 180 days after the final delivery of the products. If the final total purchase price surpasses the payments made by the Company, the Company will transfer the remaining amount to Ascendis Pharma Endocrinology Division within 30 days. If the payments made by the Company exceed the final total purchase price, Ascendis Pharma Endocrinology Division will reimburse the excess amount to the Company within 30 days. Our Company has the right to engage external accounting firms to audit the purchase price and our payment for the products under the Commercial Supply Agreement.

The consideration was determined after arm's length negotiations between us and Ascendis Pharma Endocrinology Division, taking into account various factors including but not limited to (i) the manufacturing costs; (ii) the reasonable profit margin, among others.

Historical Amounts

No delivery has been made by Ascendis Pharma Endocrinology Division under the Commercial Supply Agreement in 2024.

Annual Caps

The following table sets out our estimated caps for the Commercial Supply Agreement for the two years ending December 31, 2026:

	Years ending December 31,	
	2025 RMB'000	2026 RMB'000
Drug Package and Demo Product Purchase	76,461[(1)]	–
Auto-Injectors Purchase	1,000	4,000

Note:

(1) The amount includes a pre-payment of RMB39.2 million (EUR5.0 million) made by the Company in 2023 for the purchase of the Drug Packages.

Listing Rules Implications

The Commercial Supply Agreement is entered into in the ordinary and usual course of business of our Group on normal commercial terms, and the highest applicable percentage ratio calculated for such transactions is expected to be more than 5% on an annual basis. As such, these transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver Application for the Exclusive License Agreements, the Clinical Supply Agreements and the Commercial Supply Agreement

We expect the transactions contemplated under the Exclusive License Agreements, the Clinical Supply Agreements and the Commercial Supply Agreement, as disclosed above will be carried out on a continuing basis and will extend over a period of time, and our Directors consider that strict compliance with the announcement, circular and/or independent shareholders' approval (as applicable) requirements under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement, circular and/or independent shareholders' approval requirements (if applicable) in respect of the Exclusive License Agreements, the Clinical Supply Agreements and the Commercial Supply Agreement.

Save as disclosed above, during the Reporting Period, there was no connected transaction or other continuing connected transaction of the Group which has to be disclosed in accordance with Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the continuing connected transactions set out in this section, and are of the view that the transactions have been entered into under the following circumstances:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favorable to the Group than terms offered to/by independent third parties; and

(iii) in accordance with the relevant agreements governing those transactions on terms that are fair and reasonable and in the interest of the Shareholders of our Company as a whole.

Related Party Transactions

Details of the related party transactions in the ordinary course of business are set out in note 25 to the consolidated financial statements. These related party transactions also constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this annual report.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2024 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the annual general meeting.

IMPORTANT EVENTS AFTER REPORTING PERIOD

Save as disclosed in this annual report, there were no other important events affecting the Company which occurred after December 31, 2024 and up to the date of this annual report.

By the order of the Board
VISEN Pharmaceuticals
Mr. LU An-bang
Executive Director and Chief Executive Officer

Hong Kong, April 23, 2025

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to report to the shareholders of the Company (the "**Shareholders**") on the corporate governance of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE CULTURE AND VALUE

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

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

– satisfactory and sustainable returns to Shareholders;

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

– that overall business risk is understood and managed appropriately;

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

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the basis of the Company's corporate governance practices.

As the Company's shares were not listed on the Stock Exchange as at 31 December 2024, the CG Code set out in Appendix C1 to the Listing Rules were not applicable to the Company during the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

As the Company's shares were not listed on the Stock Exchange as at 31 December 2024, the relevant rules of the Model Code, to which the Directors were subject, were not applicable to the Company during the year ended 31 December 2024.

Having made specific enquiries with all Directors, each of them has confirmed that he/she has complied with the Model Code since the Listing Date.

BOARD OF DIRECTORS

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

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

BOARD COMPOSITION

The Board currently comprises the following:

Executive Director
Mr. LU An-Bang (盧安邦)

Non-executive Directors
Mr. Michael Wolff JENSEN *(Chairman)*
Mr. Jan Møller MIKKELSEN
Mr. FU Shan (付山)
Mr. Michael J. CHANG
Mr. CAO Yibo (曹弋博)

Independent Non-executive Directors
Dr. YAO Zhengbin (Bing)
Mr. CHAN Peng Kuan (陳炳鈞)
Ms. NI Hong (倪虹)

The biographical information of the Directors including the relationships among the members of the Board are set out in the section headed "Directors Biographies" of this Annual Report.

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, either in person or through electronic means of communication, and at approximately quarterly intervals. Directors may participate in meeting either in person or through electronic means of communication. All Directors are given not less than 14 days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The agenda and the accompanying meeting papers are sent in full to all Directors or relevant committee members at least three working days before the date of meetings (or such other period as the members may agree). The Directors are allowed to include into the draft agenda any additional matters that they wish to discuss and resolve at this meeting.

Minutes of each Board and Board committees' meeting record in sufficient details the matters considered, and decisions made, including any concerns or views of the Directors or the relevant committee members or dissenting views expressed. Final version of minutes is circulated to all Directors or committee members for their perusal prior to confirmation of the minutes at the subsequent Board or Board committees' meeting. The Directors or committee members may request for clarification or raise comments before the minutes are tabled for confirmation. Upon receiving confirmation from the Directors or committee members, the minutes will be signed by the chairman of the meeting as a correct record of the proceedings of the meeting and kept by the accounts department of the Company, and are open for inspection at any reasonable time on reasonable notice given by any Director or committee member.

As the Company's shares were listed on the Stock Exchange on 21 March 2025, the attendance record of the Directors at Board meetings and general meetings will be disclosed in accordance with the Listing Rules in subsequent annual reports of the Company. For the same reason, the Company was not required to comply with the requirements of the CG Code which stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors during the year ended 31 December 2024.

During the period from the Listing Date and up to the date of this report, the attendance records of the Board meeting is set out below:

Name of Director	Attendance/No. of Meeting held
Executive Director	
Mr. LU An-Bang	1/1
Non-executive Directors	
Mr. Michael Wolff JENSEN	1/1
Mr. Jan Møller MIKKELSEN	0/1
Mr. FU Shan	1/1
Mr. Michael J. CHANG	1/1
Mr. CAO Yibo	1/1
Independent non-executive Directors	
Dr. YAO Zhengbin (Bing)	1/1
Mr. CHAN Peng Kuan	1/1
Ms. NI Hong	1/1

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1. of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The positions of Chairman and Chief Executive Officer are held by Mr. Michael Wolff Jensen and Mr. Lu An-Bang, respectively, thus we have complied with code provision C.2.1. The division of responsibilities between the Chairman and the Chief Executive Officer has been clearly established.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BOARD INDEPENDENCE EVALUATION

The Company has established a Board Independence Evaluation Mechanism during the year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

Up to the date of this report, all Directors has completed the independence evaluation individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

Up to the date of this report, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of 3 years, subject to renewal after the expiry of the then current term.

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

Mr. LU An-Bang, Mr. FU Shan, Mr. Michael J. CHANG, Mr. CAO Yibo, Dr. YAO Zhengbin (Bing), Mr. CHAN Peng Kuan and Ms. NI Hong are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Articles of Association also provides that any Director appointed by the Board to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after appointment and any Director appointed by the Board as an addition to the Board shall be eligible for re-election at the next following annual general meeting. The retiring Directors shall be eligible for re-election.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

Pursuant to the applicable code provisions as set out in the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2024 and prior to the Listing, all Directors have participated in continuous professional development by attending training course or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee (collectively, the "**Board Committees**"), for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

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

Audit Committee

The Audit Committee comprises three members, namely Mr. Chan Peng Kuan (independent non-executive Director), Mr. Yao Zhengbin (Bing) (independent non-executive Director) and Mr. Fu Shan (non-executive Director). Mr. Chan Peng Kuan is the chairman of the Audit Committee.

The term of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to assist the Board in reviewing the financial results and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the period from the Listing Date and up to the date of this report, the Audit Committee held one meeting to, among others, review the Company's audited consolidated results for the year ended 31 December 2024 and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also reviewed and discussed the risk management and internal control measures and systems of the Company, financial reporting and the appointment of the auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

During the period from the Listing Date and up to the date of this report, the attendance records for the Audit Committee meeting is set out below:

Name of Directors	Attendance/No. of Meeting held
Mr. CHAN Peng Kuan	1/1
Dr. YAO Zhengbin (Bing)	1/1
Mr. FU Shan	1/1

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee comprises three members, namely Ms. Ni Hong (independent non-executive Director), Mr. Chan Peng Kuan (independent non-executive Director) and Mr. Lu An-Bang (executive Director). Ms. Ni Hong is the chairman of the Remuneration Committee.

The term of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG code. The primary duties of the Remuneration Committee are to review and make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration and to assess the performance of executive director.

During a period from the Listing Date and up to the date of this report, the Remuneration Committee held one meeting, during which the Remuneration Committee has, among others, reviewed the remuneration policy and structure of the Company, assessed performance of the executive Director and the senior management of the Company, approved the terms of service contracts of the executive Director and senior management of the Company and other related matters of the Company.

During the period from the Listing Date and up to the date of this report, the attendance records for the Remuneration Committee meeting is set out below:

Name of Directors	Attendance/No. of Meeting held
Ms. NI Hong	1/1
Mr. LU An-Bang	1/1
Mr. CHAN Peng Kuan	1/1

Details of remuneration of the Directors and five highest paid individuals of the Group are set out in Notes 9 and 10 to the Consolidated Financial Statements of this report.

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

The Remuneration Committee also made recommendations to the Board on the terms of service contracts or letters of appointment of the new executive/non-executive/independent non-executive Directors appointed during the year.

No material matters relating to share schemes (as defined under Chapter 17 of the Listing Rules) were required to be reviewed or approved by the Remuneration Committee during the Reporting Period.

Nomination Committee

The Nomination Committee comprises three members, namely Mr. Michael Wolff Jensen (non-executive Director), Dr. Yao Zhengbin (Bing) (independent non-executive Director) and Ms. Ni Hong (independent non-executive Director). Mr. Michael Wolff Jensen is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of independent non-executive Directors.

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

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

During a period from the Listing Date and up to the date of this report, the Nomination Committee held one meeting, during which the Nomination Committee has, among others, assessed the independence of independent non-executive Directors, reviewed the backgrounds of proposed Director and senior management and reviewed the structure, number, composition and diversity of the Board. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

During the period from the Listing Date and up to the date of this report, the attendance records for the Nomination Committee meeting is set out below:

Name of Directors	Attendance/No. of Meeting held
Mr. Michael Wolff JENSEN	1/1
Dr. YAO Zhengbin (Bing)	1/1
Ms. NI Hong	1/1

The Nomination Committee is to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for re-election at the Annual General Meeting, to review the Board Diversity Policy and Director Nomination Policy and to consider and recommend to the Board on the appointment of executive/non-executive/independent non-executive Directors. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board Diversity Policy.

Board Diversity Policy

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

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

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

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

As at the date of this report, the Board consists of eight male directors and currently has one female director, namely Ms. Ni Hong, which brings diversity to the Board and the Board will continue to maintain the current level. The Board is also characterized by significant diversity, in particular, in term of professional expertise and experience, age, culture and ethnicity. An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male:	8 Directors
Female:	1 Director

Age Group

41-50:	2 Directors
51-60:	5 Directors
61-70:	2 Directors

Designation

Executive Directors:	1 Director
Non-executive Directors:	5 Directors
Independent non-executive Directors:	3 Directors

Educational Background

Biopharmaceutical & Science	4
Business & Economics	2
Law	2
Arts & Social Science	1

Nationality

Chinese:	5 Directors
United States:	2 Directors
Demark:	2 Directors

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

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

Gender Diversity

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

	Female	Male
Board	11.11% (1)	88.89% (8)
Senior Management	0% (0)	100.00% (2)
Other employees	69.39% (34)	30.61% (15)
Overall workforce	58.33% (35)	41.67% (25)

Our Company values gender diversity at all levels of the Group. Among the 60 workforce of the Group as at the date of this Annual Report, 25 are males (41.67%) and 35 are females (58.33%) The Board believes that our Company has achieved gender diversity among its employees and considers such gender diversity is satisfactory at the current stage. In order to continue to achieve gender diversity among our employees, we are committed to creating favourable conditions in our working environment to continuously attract employees of different genders to the Group, thereby maintaining our position as a gender-balanced company. In this process, we may face challenges in matching the availability of gender-specific personnel in the human resources market with the education, experience and skills required for positions of the Group. Despite these challenges, we are committed to maintaining a gender-balanced workforce.

Director Nomination Policy

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

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

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

Nomination Procedures

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

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

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

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

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

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

Re-election of Director at General Meeting

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

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

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

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

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

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Board composition remained unchanged as of the date of this annual report.

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

Corporate Governance Functions

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

As at the date of this annual report, the Board met once to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and Senior Management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The 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 assist the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

Risk Management

We have 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 our strategic objectives on an ongoing basis. The Audit Committee, and ultimately our Directors, supervise the implementation of our risk management policies. Risks identified by management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated by us and reported to our Directors.

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

– Our Chief Executive Officer is responsible for (i) formulating and updating our risk management policy and target; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedback; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competences are in place across our Company; and (viii) reporting to our Directors on our material risks.

– The relevant departments in our Company, including without limitation the finance department, the legal and compliance department and the human resources department, are responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. In order to formalize risk management across our Company and set a common level of transparency and risk management performance, the relevant departments will (i) gather information about the risks relating to their operation or function; (ii) conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives; (iii) prepare a risk management report annually for our Chief Executive Officer's review; (iv) continuously monitor the key risks relating to their operation or function; (v) implement appropriate risk responses where necessary; and (vi) develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

Internal Control

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

- We have adopted various measures and procedures regarding each aspect of our business operation, such as contract management policy, risk management and protection of intellectual property. We provide periodic training about these measures and procedures to our employees as part of our employee training program. In addition, we monitor the implementation of these measures and procedures.

- Our Directors (who are responsible for monitoring the corporate governance of our Company) with help from our legal advisers, will also periodically review our compliance status with all relevant laws and regulations after the Listing.

- We have established an audit committee effective upon the Listing which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Company.

- We maintain strict anti-corruption policies among our employees and we believe we will therefore be less affected by the increasingly stringent measures taken by the PRC government to correct corruptive practices in the pharmaceutical industry. We strictly prohibit bribery or other improper payments in any of our business operations. This prohibition applies to all business activities, anywhere in the world, whether involving government officials or healthcare professionals. Improper payments prohibited by this policy include bribes, kickbacks, excessive gifts or entertainment, or any other payment made or offered to obtain an undue business advantage. We keep accurate books and records that reflect transactions and asset dispositions in reasonable detail. Requests for false invoices or payment of expenses that are unusual, excessive or inadequately described are rejected and promptly reported. Misleading, incomplete or false entries in our books and records are never acceptable. We will also ensure that any future commercialization team personnel comply with applicable legal requirements, which include restrictions on promoting drugs for unapproved uses or patient populations and limitations on industry-sponsored scientific and educational activities.

- We have established procedures to protect the confidentiality of personal information of stakeholders, including but not limited, employees and healthcare professionals. In general, we do not have access to patients' personal data. We maintain policies which require our personnel to be trained on collecting, processing and safeguarding personal information and require our CROs to have data protection measures in place and related clauses in our agreements with them under which they are responsible for safeguarding data in their possession. Access to clinical trial data has been strictly limited to authorized personnel only according to the GCP and relevant regulations. Additionally, we require external parties and internal employees involved in clinical trials to comply with confidentiality requirements. Data are to be used only for the intended use, as agreed by the patients and consistent with the consent form and no use of data falls outside the scope of the consent form will be permitted without obtaining consent from patients.

– We have engaged several PRC law firms to advise us on and keep us abreast with PRC laws and regulations. We will continue to arrange various training to be provided by external legal advisers from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations.

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

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

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

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the Reporting Period.

Under Code Provision D.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the Audit Committee and the Board. In addition, the Audit Committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for 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.

Anti-Bribery and Anti-Corruption Policy

The Company has in place the Anti-Bribery and Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal Legal & Compliance Department, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors have acknowledged their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2024.

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

The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report of this Annual Report.

AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit Services in relation to Main Board listing	1,745
Audit Services in relation to annual audit	1,150
Non-audit services	
– Environmental, Social and Governance Report Consulting Service	150
– Others	118
Total	**3,163**

COMPANY SECRETARY

Ms. Chan Sze Ting (陳詩婷) ("**Ms. Chan**") was appointed as the company secretary of the Company on March 8, 2025. Ms. Chan is a director of the Company Secretarial Services division of Tricor Services Limited, a member of Vistra Group. Ms. Chan has over 19 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary (CS), a Chartered Governance Professional (CGP) and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom. Ms. Chan holds a bachelor's degree in law from the University of London.

All Directors have access to the advice and services of the Company Secretary on corporate governance and board practices and matters. Mr. Lu An-Bang, the executive Director has been designated as the primary contact person at the Company which would work and communicate with Ms. Chan on the Company's corporate governance and secretarial and administrative matters.

As of the date of this annual report, Ms. Chan has attended a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer as required under Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Pursuant to the Article 12.3 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Any one or more members holding as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights, on a one vote per share basis, in the share capital of the Company, shall at all times have the right, by written requisition signed by the requisitionist(s) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office, to require an extraordinary general meeting to be called for the transaction of any business specified in such requisition and/or add resolutions to the meeting agenda (if any). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves may convene the physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

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

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her proposal with his/her detailed contact information at the Company's principal place of business in Hong Kong at Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the proposal in the agenda for the general meeting.

Putting Forward Enquiries to the Board

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

Shareholders may also make enquiries to the Board at general meetings of the Company. In addition, Shareholders can contact Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlement to dividend.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
(For the attention of the Board of Directors)
Email: IR@visenpharma.com

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

Shareholders' Communication Policy

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

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange's website will also be published on the Company's website (www.visenpharma.com). Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management will also be available on the Company's website.

(d) Shareholders' Meetings

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

(e) Shareholders' Enquiries

Enquiries about Shareholdings

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, call its hotline at (852) 2862 8555, or go in person to its public counter at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Enquiries about Corporate Governance or Other Matters to be put to the Board and the Company

The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send any enquiries to the Board by email: IR@visenpharma.com or by post to Room 1919, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

(f) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be launched on a regular/required basis.

Company's Constitutional Documents

There was no change in the Company's constitutional documents from the Listing Date and up to the date of this report.

Dividend Policy

The Company has adopted a Dividend Policy on payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This is the first Environmental, Social, and Governance Report ("**ESG Report**" or "**the Report**") released by VISEN Pharmaceuticals (stock code: 2561), to introduce our management and performance in environmental protection, social responsibility, and corporate governance to stakeholders.

SCOPE OF THE REPORT

Unless otherwise indicated, the scope of the Report is consistent with the consolidated financial statements of VISEN Pharmaceuticals for the year 2024, covering VISEN Pharmaceuticals and its wholly-owned subsidiaries and controlling subsidiaries ("**the Group**" or "**we**"). The Reporting Period covers from January 1, 2024, to December 31, 2024 ("**the Reporting Period**"), and some content may be traced back to previous years or extend to future years.

REPORT STANDARDS

This Report is prepared in accordance with Appendix C2 *Environmental, Social and Governance Reporting Guide* (the "**ESG Reporting Guide**") to the *Rules Governing the Listing of Securities* ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**HKEX**").

REPORTING PRINCIPLES

"Materiality": The ESG Report includes stakeholder communication and a materiality assessment during the preparation process as the basis for determination of material ESG topics.

"Quantification": Where feasible, the Group reports key performance indicators ("**KPIs**") in quantified units.

"Balance": This Report adheres to the "Balance" principle and reports our ESG performance in an unbiased manner.

"Consistency": This Report uses consistent disclosure and statistical methods to enable meaningful comparisons of ESG data in the future.

DATA SOURCES AND RELIABILITY GUARANTEE

The data and cases in this Report are primarily derived from the Group's statistical data and relevant documents. The Group guarantees that there are no false records, misleading statements, or significant omissions in the content of this Report.

CONFIRMATION AND APPROVAL

This Report was approved by the Board of Directors on April 23, 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 SOLID FOUNDATION OF GOVERNANCE

1.1 ESG Governance Structure

The Group deeply understands the strategic value of ESG governance in driving sustainable innovation and has established a three-tier governance framework encompassing Board of Directors ("Board") decision-making, management collaboration, and departmental execution, in compliance with the *ESG Reporting Guide of HKEX*.

Board	• Acting as the highest governing body for the Group's ESG management and public disclosures; • Reviewing and approving the Group's ESG-related strategies, objectives, risks and opportunities (including climate-related risks and opportunities), and materiality of topics; • Overseeing and evaluating the implementation of ESG-related matters and progress toward objectives; • Reviewing and approving the Group's ESG report.
Senior Management and Department Heads	• Supervising and managing the Group's ESG-related risks and opportunities (including climate-related risks and opportunities); • Formulating policies and action plans that align with ESG strategies and objectives; • Driving implementation of ESG-related matters (policies, action plans); • Compiling and preparing the Group's ESG report.
Functional Departments	• Executing all ESG initiatives comprehensively; • Managing and analyzing ESG performance indicators to support management decisions and public disclosure.

ESG governance structure

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Board Statement

Responsibilities of the Board

The Board is the highest governing body for the Group's ESG management and public disclosure. It is responsible for reviewing and approving the Group's ESG-related strategies and objectives, risks and opportunities (including climate-related risks and opportunities), as well as the materiality of topics, and supervising and reviewing the implementation of ESG-related matters and progress made against goals and targets.

ESG Risk Management

The Board serves as the ultimate supervisory body for the Group's risk management system. Our governance committee which is composed of senior management and functional heads, reviews and approves risk management policy of the Group to oversee and manage ESG risks. The Chief Executive Officer ("**CEO**") formulates and updates risk management policy and target of the Group and supervises the implementation of risk management measures by the relevant departments. Under the supervision of the Board, we continuously improve internal control and risk management systems to ensure effective control of ESG risks.

Material ESG Topics

The Group has established a transparent and efficient stakeholder communication mechanism, to understand their expectations and concerns regarding ESG performance. Material topics are prioritized in ESG management with strategies developed to align with our business objectives. The Group conducts regular reviews and evaluations of ESG management and performance in key areas to meet stakeholder expectations. During the Reporting Period, a materiality assessment was conducted and the matrix of material topics was updated accordingly. The assessment results were reviewed and confirmed by the Board and senior management. The Board also reviewed and approved the progress toward ESG objectives of VISEN Pharmaceuticals during the Reporting period.

ESG Implementation

Serving as the main governing and coordinating body for ESG, senior management and department heads, under the guidance and supervision of the Board, develop relevant policies and action plans that align with ESG strategies and objectives. They also coordinate internal and external resources, and fully implement related work and integrate ESG initiatives into daily operation and management. At the operational level, functional departments manage and implement ESG-related matters and regularly monitor and analyze ESG performance indicators to ensure the achievement of the Group's ESG strategies and objectives.

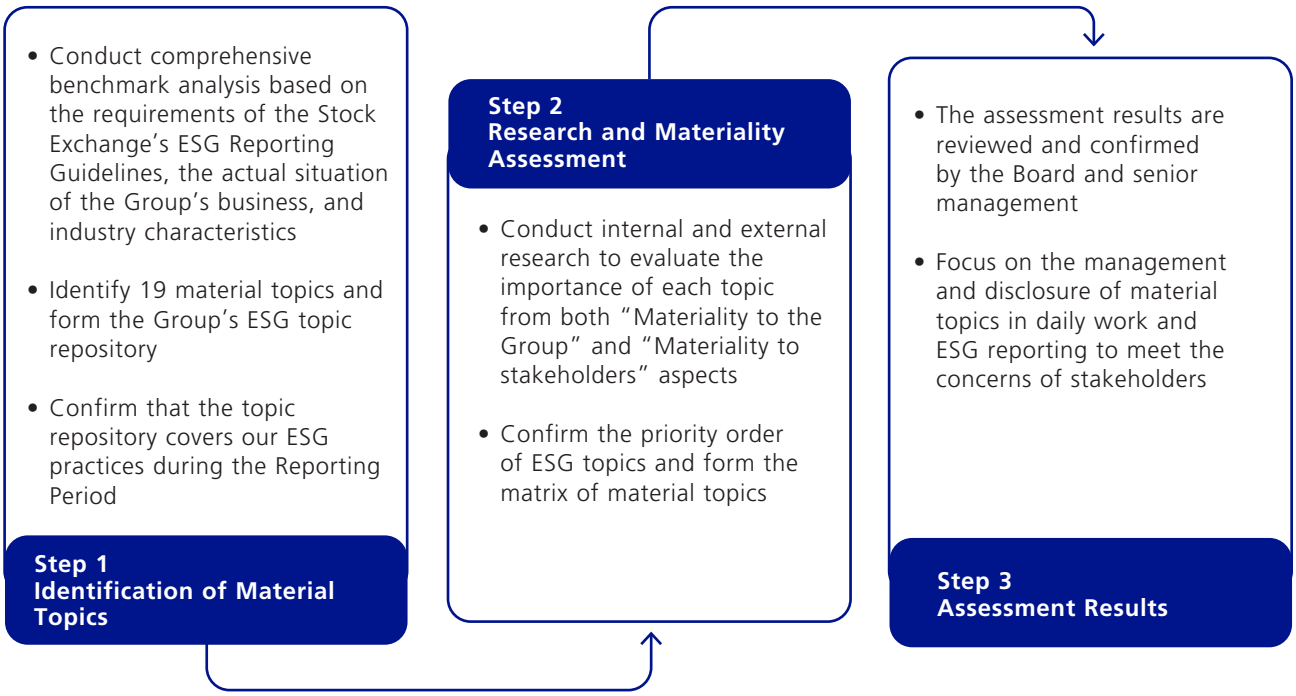
1.2 Stakeholder Communication

We have established an effective stakeholder communication mechanism and conducted regular stakeholder engagements. We strive to understand and effectively respond to the requirements of stakeholders, including investors, shareholders, government and regulatory authorities, suppliers, industry partners, employees, customers, healthcare professionals (HCPs), communities, and the public. We actively solicit their opinions and suggestions on our ESG strategy and performance and incorporate their significant concerns into the Group's ESG management framework.

Stakeholders	Needs and Expectations	Communication Mode
Shareholders/investors	Business performance Product R&D and innovation	Annual reports, financial statements, and announcements Corporate website Meetings and roadshows
Government and Regulatory Authorities	Regulatory compliance Product quality and safety Community investment	On-site inspections Formal meetings Written reports
Potential customers/subjects	Clinical safety Product quality and safety Product R&D and innovation Access to medicine Privacy protection	Clinical trial follow-up Engagement meetings Social welfare and volunteer services
HCPs	Product quality and safety Product R&D and innovation Anti-corruption and business ethics	Clinical items Seminars and conferences
Suppliers/partners	Supplier management Business Ethics	Business communication Formal meetings Evaluation and assessment
Employees	Compliance in Employment Training and development Remuneration and benefits Occupational health and safety	Internal emails Internal meetings Training courses Team building
General public	Community investment Access to medicine	Social welfare and volunteer services Social media Daily communication

1.3 Materiality Assessments

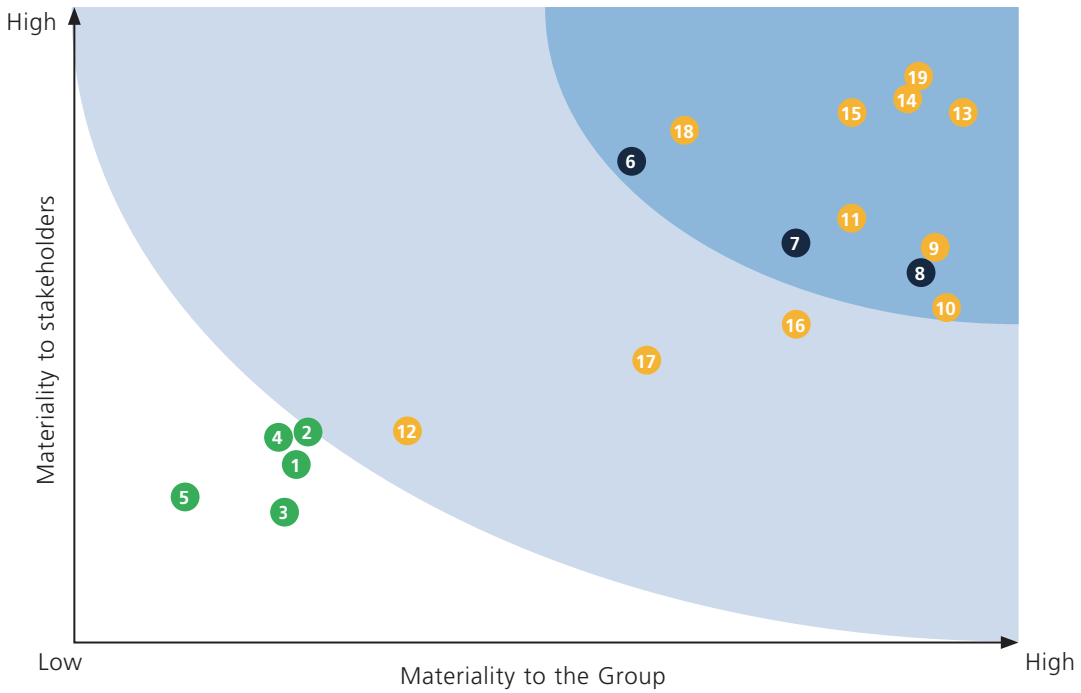
During the Reporting period, we conducted a materiality assessment to determine the importance of each ESG topic for the Group's business development and for stakeholders, in order to identify priority areas for ESG initiatives.



Steps of Materiality Assessment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the results of our material analysis procedures are as follows:



Matrix of material topics

Environmental topics

1. Resource utilization
2. Energy and greenhouse gas management
3. Emissions management
4. Addressing climate change
5. Environmental management

Governance topics

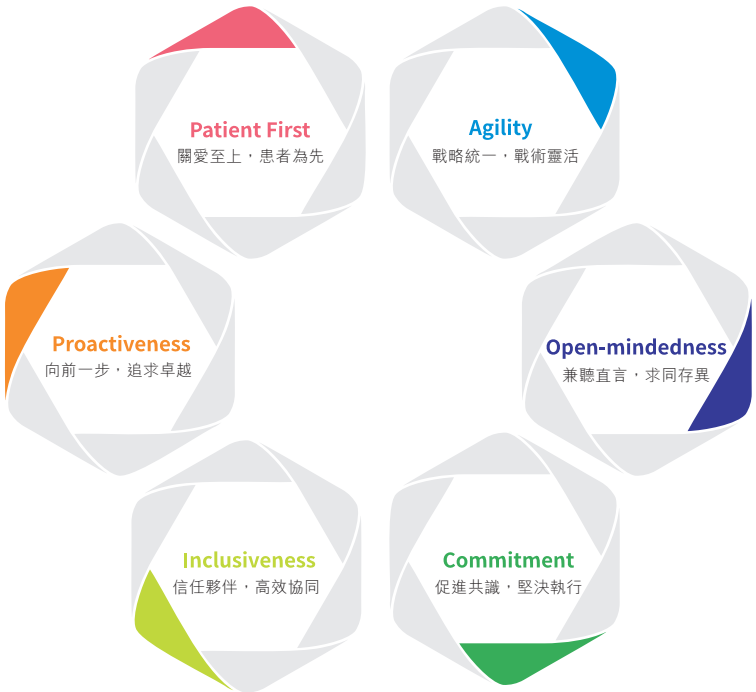
6. Business ethics
7. Intellectual property protection
8. Privacy information protection

Social topics

9. Compliance in employment
10. Employee development
11. Employee remuneration and benefits
12. Occupational health and safety
13. Product R&D and innovation
14. Product quality and safety
15. Customer services
16. Supply chain management
17. Access to medicine
18. Community investment
19. Clinical trial safety

1.4 Business Ethics

The Group has always regarded business ethics as the cornerstone of sustainable development. We are committed to building a comprehensive and multi-tier compliance management system. Adhering to the principles of "Legality, Compliance, Honesty and Trustworthiness", we have established a Compliance Committee, and formulated robust compliance policies to clarify specific requirements for anti-bribery, anti-corruption, and conflict of interest management. This ensures that our business activities comply with applicable laws, regulations, and ethical standards, fosters an integrity and ethical corporate culture, and fulfills our long-term commitments to patients, industry stakeholders, and society.



VISEN BEHAVIOR 6

1.4.1 Anti-corruption and anti-bribery

The Group strictly adheres to the requirements of laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》) and the *Drug Administration Law of the People's Republic of China* (《中華人民共和國藥品管理法》). We have established institutional documents including the *Code of Conduct* (《企業行為準則》), the *VISEN Compliance Policy – White Book* (《維昇合規政策白皮書》), *Anti-Corruption and Anti-Bribery Policy* (《反腐敗反賄賂政策》), and *Conflict of Interest Management Policy* (《利益衝突管理政策》), forming a compliance risk prevention system to mitigate risks such as bribery, extortion, fraud, and money laundering. The Group has established a Compliance Committee, comprising heads of core departments such as Legal Compliance, Finance, Human Resources, and Clinical Development, which exercises decision-making authority under the *Compliance Committee Charter* (《合規委員會章程》). The Compliance Committee convenes at least one annual meeting, with ad hoc meetings initiated upon member requests, to review high-risk project approval processes, commercial compliance, and ensure effective policy implementation.

We uphold the highest ethical standards. For third-party collaborations, we implement legal due diligence mechanisms, embedding anti-corruption clauses into third-party contract terms to explicitly prohibit third-party partners from providing improper benefits to VISEN persons, government officials, HCPs, other persons or entities and stipulate audit rights. In clinical research partnerships, all research funding provided to hospitals undergoes Compliance Committee review, to ensure that the purpose and amount of funds fully align with the *VISEN Compliance Policy – White Book*. The *Anti-Corruption and Anti-Bribery Policy* is incorporated into employee onboarding training, requiring signed training confirmations. "Zero Tolerance" for corruption or bribery is also reinforced in weekly management meetings and annual Townhall.

A whistleblowing mechanism accepts real-name or anonymous reports from employees, third parties, and business partners who have discovered actual or suspected violations of the *Code of Conduct* (《企業行為準則》), *Anti-Corruption and Anti-Bribery Policy* (《反腐敗反賄賂政策》), *Conflict of Interest Management Policy* (《利益衝突管理政策》), and other related policies. Under the *Code of Conduct*, the Group strictly protects the rights of whistleblowers and explicitly prohibits any form of retaliation.

Whistle-blowing mailbox

visenlegalcompliance@visenpharma.com

Whistle-blowing Channels

Upon receiving reports and complaints from employees, customers, suppliers, and business partners, the Group conducts investigations into the reported incidents, provides feedback to the whistleblower on the acceptance and handling of the case, and reports to the Compliance Committee.

The Group has incorporated anti-bribery and anti-corruption, anti-money laundering, and fraud prevention processes into the audit plan. Audits on high-risk processes and key business areas will be conducted in accordance with actual business development.

During the Reporting Period, no legal cases related to bribery, corruption, money laundering, or fraud occurred, and the Legal & Compliance Department received no reports.

1.4.2 Responsible marketing

The Group strictly complies with the applicable requirements of laws and regulations, such as the *Drug Administration Law of the People's Republic of China* (《中華人民共和國藥品管理法》) and the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》). We have developed policies and processes, such as the *VISEN Guideline for Materials of Medical Information* (《維昇醫學信息傳遞資料指南》), the *Standard Operating Procedures for Non-Promotional Material Approval* (《非推廣材料審批的標準操作流程》), and the *Standard Operating Procedures for External Communication Material Approval* (《對外傳播材料審批的標準操作流程》) to ensures that external information transmission is scientific, rigorous, and accurate, avoiding exaggeration, deception, and misleading information, and effectively protecting patient rights.

Through official channels such as the company's official website and WeChat official account, we employ a matrix communication strategy to disseminate information on corporate values, brand positioning, and research and development progress. Meanwhile, we maintain compliant and transparent interactions with various media, jointly creating a favorable public opinion environment and brand image. We have also established and improved a public sentiment tiering mechanism, conducting real-time monitoring of relevant potential risks and implementing tiered crisis response management to reduce and avoid potential risks.

During the Reporting Period, we conducted specialized training sessions on key information sharing for VISEN Pharmaceuticals branding. These training sessions aimed to enhance internal employees' understanding of brand communication, ensuring that promotional materials and activities comply with internal and external regulations and requirements.

As the Group has not yet commenced product commercialization, external marketing communications are not yet applicable. In the future, the Group will, based on business development conditions, advance the strengthening and enhancement of relevant policies and processes to ensure that all business activities comply with responsible marketing requirements.

1.4.3 Data Security and Privacy Protection

Data security and privacy protection are crucial for biopharmaceutical companies serving as the core guarantee for compliant operations, avoiding data breaches, and protecting individual privacy. They are also the foundation for enhancing public trust and industry reputation, expanding business securely in the global market, and maintaining competitiveness.

The Group has established a Data Protection Working Committee, chaired by the CEO and comprising heads of core departments such as Legal Compliance, Finance, Human Resources, Clinical Development and IT. This committee serves as the decision-making and execution body for network and information security work. The Group has established policies and systems such as the *Information Asset Security Management Guidelines* (《信息資產安全管理準則》) and *Network and Information Security Incident Emergency Response Plan* (《網絡與信息安全事件應急響應預案》) in accordance with laws and regulations such as the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》) and the *Data Security Law* (《數據安全法》), creating a pillar for data security management.

During the Reporting Period, the Group continuously strengthened data security measures. This includes enforcing mandatory password policies for internal systems and implementing cross-border collaborative enterprise-level unified authentication and permission management to enhance collaborative efficiency and strengthen account control. We have completed the migration of core business servers from local to cloud-based solutions. With the aid of cloud-based professional maintenance, virtualization elasticity, and multiple disaster recovery mechanisms, data security levels have significantly improved. We implement 24/7 visual monitoring of cloud servers, to ensure the secure and stable operation of the system. Additionally, we conduct biannual disaster recovery drills to validate business continuity capabilities. We have deployed an intelligent email gateway system to intercept and filter phishing emails and spam, effectively blocking malicious attacks and significantly enhancing the security of the mail system. We strictly adhere to the *Information System Operations and Maintenance Management SOP* (《信息系統運維管理SOP》). Through monthly dual-loop inspections, we ensure the continuous optimization of our protective systems. Additionally, we provide data security awareness training to all employees through an internal network jump page.

During the Reporting Period, the Group did not experience any data breaches or major cybersecurity incidents. The system has been operating continuously and stably, fully supporting high-standard security requirements for global R&D collaboration and clinical data management.

Throughout the entire clinical trials, we implement all necessary measures to protect the privacy of research participants and ensure the proper confidentiality of their personal information. Personal privacy data are anonymized using anonymous codes (i.e., "**subject identification codes**") in place of names. These codes are used in the assignment of trial medications, adverse event reporting, and other data records related to the trial to protect the research participants' privacy. Trainings are provided to clinical trial service providers and research sites in accordance with legal requirements. All clinical trials conducted by the Group undergo ethical review by research sites/medical institutions (details in 2.2 Scientific Ethics and Subject Rights), ensuring strict enforcement of privacy safeguards.

2 EXPLORING CREATIVE FRONTIERS

VISEN Pharmaceuticals focuses on the endocrine disorder field, adhering to a patient-centric clinical value proposition and addressing unmet medical needs through "specialized, in-depth, and differentiated" approaches. Guided by the principle of "Treating patients, not just treating diseases", the Group strictly upholds quality standards in clinical programs and localized production preparations, prioritizing patient rights and medication safety to fulfill its health commitments.

2.1 Clinical Project Management

The Group focuses on providing treatments in selected endocrinology diseases in China (including Hong Kong, Macau and Taiwan). To ensure effective execution, we have established a clinical development team comprising experts in global biopharmaceutical development, medical practice, and strategic planning. The team members also possess rich professional knowledge and practical experience, and the team is supported by a Scientific Advisory Committee composed of renowned Key Opinion Leaders ("KOLs") in endocrinology and pediatrics.

At the beginning of each year, the Group sets corporate objectives and project milestones for clinical development. Project managers lead cross-functional collaboration among clinical science, clinical operations, data management, biostatistics, pharmacovigilance, and quality assurance. Regular project meetings and cross-departmental meetings address risks and changes to ensure milestone achievement. The Group implements measures including pre-trial planning, periodic progress reviews, quality inspections, and vendor management systems to guide CROs and ensure on-schedule trial completion.

In 2024, VISEN Pharmaceuticals achieved near-100% clinical trial completion rates, with all trials progressing as planned. As of the Reporting Period, the Group successfully completed Phase 3 pivotal trial for lonapegsomatropin, double-blind phase of the Phase 3 pivotal trial for palopegteriparatide, double-blind phase of the Phase 2 trial for navepegritide[1].

2.2 Scientific Ethics and Subject Rights

The Group strictly complies with the *Drug Administration Law of the People's Republic of China* (《中華人民共和國藥品管理法》), the *Measures for the Administration of Drug Registration* (《藥品註冊管理辦法》), the *Good Clinical Practice* ("**GCP**") (《藥物臨床試驗質量管理規範》), the *International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use – Good Clinical Practice* (《國際人用藥品註冊協調會良好臨床實踐指南》, ICH-GCP(E6)), the *Ethical Review Measures for Biomedical Research Involving Humans* (《涉及人的生物醫學研究倫理審查辦法》), the *Regulations on the Management of Human Genetic Resources* (《人類遺傳資源管理條例》), and the *Declaration of Helsinki* (《赫爾辛基宣言》) to safeguard the life, health, and legal rights of subjects. All clinical trials conducted by the Group have undergone ethical review by participating medical institutions. During the Reporting Period, nearly 100 project approvals and 350 filings were completed.

[1] For details regarding clinical development, please refer to BUSINESS REVIEW part of the annual report.

The protection of subjects' rights and safety is the paramount consideration, taking precedence over scientific and societal benefits.

Ethical review and informed consent are critical measures to safeguard subjects' rights.

Medical research must be scientifically sound and rigorously designed and implemented to ensure the generation of reliable, valid, and valuable knowledge while avoiding research waste.

All necessary measures are taken to protect research participants' privacy and ensure their personal information remains properly confidential.

Respect for individual autonomy is a fundamental principle of medical research, guaranteeing free and fully informed consent. For pediatric populations (minors), informed consent must be obtained from both the child subjects and their legal guardians.

Principles Governing Clinical Projects

The Group has established a series of Standard Operating Procedures ("**SOPs**") to ensure all processes are conducted within compliant and ethical frameworks.

Project Initiation

- All clinical project protocols shall be submitted to regulatory authorities and ethics committees for approval in accordance with laws and regulations before implementation;
- Organize kick-off meetings and investigator meetings to ensure strict adherence to study protocols during clinical trials.

Project Execution

- Clinical Research Associates (CRA) or Project Managers (PM) conduct on-site visits per monitoring plans;
- Clinical Science (CS) performs centralized medical reviews;
- Pharmacovigilance (PV) reviews safety data, communicates findings with investigators, and arranges additional training if required;
- Quality Control (QC) and Quality Assurance (QA) conduct quality oversight.

Project Closure

- After submission of BLA/NDA, the National Medical Products Administration (NMPA) conducts GCP inspections to verify full compliance of clinical trial execution and traceability of authentic data.

Compliance Controls for Clinical Projects

As a responsible biopharmaceutical enterprise, the Group consistently prioritizes patient medication safety and emphasizes patient care. Subjects/participants in clinical trials are strictly identified and screened according to study protocols. During the clinical trial screening phase, physical examinations are conducted per protocol requirements to confirm eligibility. During follow-up visits, investigators verify participants' status, inquire about medication usage and adverse reactions, and perform clinical assessments and necessary interventions. Considering the injectable nature of the product, we mandate that the first dose be administered in a hospital setting under the guidance of an investigator and provide instructional videos on drug preparation for participants and their family members involved in subsequent injection procedures. We issue patient diary cards to each participant to record medication details and any discomfort, facilitating timely and accurate feedback. Additionally, we conduct training for service providers and research sites to ensure scientific, rigorous, and objective communication of product-related information, safeguarding clinical subject safety. During the Reporting Period, we delivered 10 training sessions for the PGHD project, 15 for the CNP project, and 9 for the PTH project.

2.3 Intellectual Property Management

The Group attaches great importance to intellectual property management, strictly complies with laws and regulations such as the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》) and the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), and adheres to the principle of "Unified management, Division of responsibilities, and Standardized processes" to establish an intellectual property management system that ensures the legality and innovation of R&D achievements. We have formulated the *Intellectual Property Management Measures* (《知識產權管理辦法》), covering the protection of patent rights, trademark rights, copyrights, and trade secrets, as well as intellectual property emergency management protocols that define procedures for handling infringement cases.

The Group incentivizes employees to actively participate in intellectual property creation activities. Intellectual property created in the course of employment belongs to the Group, and the Group provides spiritual and material rewards to employees based on specific circumstances while protecting their right of authorship.

As of the Latest Practicable Date, we have exclusively licensed from Ascendis Pharma 53 issued patents in China (including Hong Kong, Macau and Taiwan), and 61 pending patent applications in China (including Hong Kong, Macau and Taiwan). In addition, as of the date of the Latest Practicable Date, we hold two pending patent applications in sole ownership relating to lonapegsomatropin, and two issued patents and ten pending patent applications in joint ownership in the PRC in relation to our development of container closure system.

2.4 Quality Management

The Group strictly complies with the requirements of the *Good Supply Practice* (GSP) and *Good Manufacturing Practice* (GMP). A quality management system covering the entire lifecycle of imported and localized products has been established in accordance with internationally recognized pharmaceutical quality system management modules to ensure product quality and compliance.

To support product importation and localized production, the Group completed multiple quality audits during the Reporting Period. For imported products, expert consulting agencies were engaged to audit the GSP quality system, and overseas Marketing Authorization Holders (MAHs) evaluated our GSP framework. VISEN Pharmaceuticals received positive evaluations in two external audits and promptly addressed feedback through proactive deployment. For localized production, VISEN Pharmaceuticals conducted on-site quality audits of CDMO partner WuXi Biologics and implemented timely remedial measures for potential risks. Daily operations include real-time review and approval of CDMO partners' work, protocols, and reports, supplemented by site visits now and then, communication, and quality assessments to ensure projects operate under compliant conditions and meet data integrity requirements.

Following the submission of the first BLA for an imported product in China, to support the regulatory review, VISEN Pharmaceuticals proactively addressed regulatory requests for specific parameter verifications. Multiple analytical methods, implemented domestically for the first time, were rapidly developed, validated, and executed. Additional multi-batch product testing required by authorities was completed on schedule with full compliance to quality standards.

The Group develops annual quality training plans based on operational needs. During the Reporting Period, all training scheduled for 2024 was completed on time, with full participation and passing rates in assessments.

GMP Fundamentals Training
During the Reporting Period, VISEN Pharmaceuticals organized training on GMP fundamentals, covering topics such as pharmaceutical regulations, case studies of drug-related harm and compliance incidents, interpretations of drug administration laws, the historical evolution of GMP, and pharmaceutical production quality. An on-the-spot assessment was conducted at the end of the course to reinforce key knowledge.

2.5 Pharmacovigilance

The Group has established a three-tier pharmacovigilance management framework, including the Pharmacovigilance Department, Drug Safety Management Team (DSMT), and Drug Safety Committee (DSC), strictly adhering to regulatory requirements to ensure timely collection, handling, and reporting of adverse events.

During the Reporting Period, the Group enhanced global safety data aggregation and analysis through safety data exchange agreements with overseas MAHs, enabling prompt identification of potential safety signals and implementation of risk minimization measures. Additionally, the Group established post-marketing pharmacovigilance activity processes, including safety reporting management, signal management, and data exchange agreements, to ensure ongoing safety monitoring after product commercialization.

The Group has developed Product Recall Management Standard Operating Procedures in compliance with regulations, defining Level 1, Level 2, and Level 3 recalls and their handling processes to ensure efficient product tracing and recall execution. To achieve end-to-end traceability, the Group has begun deploying the "Code Assurance" barcode system, enabling tracking of each smallest sales unit and product distribution across distributors and sales terminals, clarifying channel inventory and enhancing supply chain visibility, and significantly enhancing management of distributors at all levels and pharmaceutical products. During the Reporting Period, the Group had no commercialized products, generated no sales, thereby no product recalls were conducted due to quality or safety issues.

Upon product commercialization, the Group will publish contact information on product labels and the corporate official website as required by regulations, collecting product complaints, adverse event reports, and medical inquiries from external parties (including patients and HCPs). Based on the types of issues received, complaints or inquiries will be routed to relevant departments for handling, and conduct adverse event management and investigations, product complaint resolution, or quality reviews as needed. During the Reporting Period, the Group had no commercialized products, generated no sales, thereby no product or service complaints were received.

During the Reporting Period, the Group organized pharmacovigilance training programs covering regulatory requirements, DSMT/DSC responsibilities, and adverse event reporting obligations, enhancing risk prevention capabilities, fostering multidisciplinary talent, and providing institutional, operational, and cultural safeguards for drug safety.

3 EXCELLENCE IN TEAMWORK

Talents and cooperation are the core driving forces for the continuous development of enterprises in the pursuit of excellence. We firmly believe that an outstanding team requires not only excellent employees but also reliable partners. We adhere to a people-oriented approach and cooperation as the foundation, working hand in hand with employees and partners to jointly create a sustainable development chapter.

3.1 Employment and Care

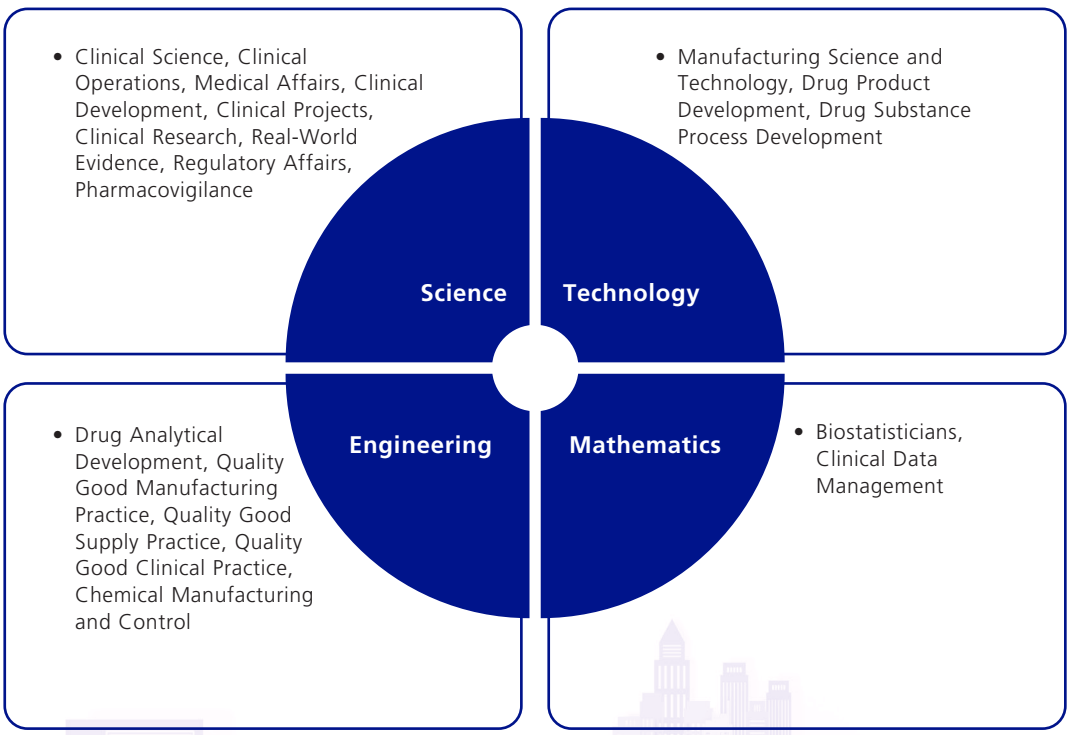
We are committed to attracting and cultivating industry-leading talents, providing a fair and open career development platform, and enabling every employee to grow in a challenging and opportunity-rich environment. Meanwhile, we pay attention to the physical and mental health of our employees and their work experience. By improving the welfare system, implementing flexible work mechanisms, and fostering a positive corporate culture, we create a warm and inclusive work environment where every team member can feel a sense of belonging and value.

3.1.1 Employee employment and employee rights

High-quality talents play a pivotal role in driving business growth and fostering innovation. The Group strictly complies with labor laws and regulations such as the *Labor Law of the People's Republic of China* 《中華人民共和國勞動法》 and the *Labor Contract Law of the People's Republic of China* 《中華人民共和國勞動合同法》. We have formulated the *Standard Operating Procedures for Employee Recruitment* 《員工招聘標準工作流程》 to clarify the recruitment workflows, responsibilities and requirements at each stage, standardize workforce planning processes, control and manage recruitment quality, and effectively safeguard employee rights.

To ensure compliant and efficient recruitment work, we continuously optimize the recruitment process and promote the filling of job notices. The recruitment departments must specify job responsibilities, educational qualifications, and experience requirements of the recruitment position, to ensure that the recruitment requirements are clear and reasonable and on-demand recruitment, so as to prevent violations such as child labor and forced labor. We prioritize internal transfers or competitions based on role-specific competencies and employee aspirations, and give priority to providing career development opportunities for internal employees. Meanwhile, we leverage diversified channels, equipping professional recruitment websites, WeChat public account sections, and headhunter recommendations, among other social recruitment channels, to attract and collect information about qualified candidates. Fairness and transparency in recruitment are ensured through structured interviews.

We foster a diverse, equitable, and inclusive workplace. The Group maintains a Zero-Tolerance attitude toward discrimination, intimidation, harassment, violence, or dignity violations based on gender, age, race/ethnicity, skin color, religion, nationality, sexual orientation, or physical condition, strictly prohibiting child labor, forced labor, or labor disputes. No such violations occurred during the Reporting Period. We implemented the Employee Exit Procedures to regulate voluntary and involuntary departures. As of the end of the Reporting Period, female employees accounted for 66% of the total workforce in the Group, and the proportion of female employees in STEM[1] positions was 77%.



STEM Positions

[1] STEM: Science, Technology, Engineering, and Mathematics

As of the end of the Reporting Period, the employment situation of the Group's employees is as follows:

Indicator	Unit	In 2024
Total number of employees	**Person**	**58**
Total number of employees categorized by gender		
Male	Person	20
Female	Person	38
Total number of employees categorized by employment type		
Full Time	Person	58
Total number of employees categorized by age group		
Age: ≤30	Person	8
Age: 30~50	Person	44
Age: ≥50	Person	6
Total number of employees categorized by region		
Chinese Mainland	Person	55
Hong Kong, Macao and Taiwan region	Person	3

As of the end of the Reporting Period, the employee turnover rate of the Group is as follows:

Indicator	Unit	In 2024
Employee turnover rate	**%**	**11.76**
Employee turnover rate categorized by gender		
Male	%	9.52
Female	%	12.99
Employee turnover rate categorized by age group		
Age: ≤30	%	0.00
Age: 30~50	%	13.04
Age: ≥50	%	15.38
Employee turnover rate categorized by region		
Chinese Mainland	%	12.39
Hong Kong, Macao and Taiwan region	%	0.00

3.1.2 Employee training and development

Employee training and development are the core engines for the continuous progress of the enterprise. Through systematic training and growth plans, we can not only enhance individual capabilities but also infuse the Company with a continuous stream of innovative energy.

Employee development

In talent development, the Group has established comprehensive promotion and performance evaluation mechanisms. Employees who have served in their current roles for over one year and meet performance-based promotion criteria are eligible for nomination. The Group also encourages internal job rotations, enabling employees to develop themselves across multiple dimensions.

To incentivize development, the Group has established a robust compensation and performance management system, continuously optimizing it to align employees' personal growth with corporate objectives. By closely aligning employees' personal development with corporate growth, we achieve mutual success. The performance management cycle of the Group is one year, divided into goal-setting stage, mid-year review stage, and year-end evaluation stage, effectively stimulating employee vitality, improving organizational efficiency, and driving the sustainable corporate development.

Goal-setting January to April	Mid-year Review July to August	Year-end Evaluation
• Employees set their performance goals and development goals based on the company's and department's business objectives and reach an agreement with their line managers.	• Employees and line managers review the progress of the goals set at the beginning of the year and consider whether adjustments to the goals are needed.	• Employees and line managers assess and confirm the achievement of annual goals and evaluate the overall development of employees throughout the year.

Performance Management Cycle

Employee training

We always regard talent as a critical resource for the development of the enterprise and are committed to providing employees with comprehensive and multi-level learning and development opportunities. The Group continuously optimizes the training system to ensure standardized and systematic training work. We will conduct different types of training based on development needs, ensuring that the training content matches the needs of both the company's development and individual employee development.

Mandatory Training	Demand-driven Training
• According to the requirements of different policies, relevant departments will organize necessary training, such as quality-related and pharmacovigilance-related topics.	• Organize corresponding employees to participate in training based on current business needs. For example, the clinical department conducts relevant training on drug development quality systems and registration verification to better cope with clinical verification.

Training Type

The Group also supports employees' self-improvement and encourages employees to obtain professional qualifications or enhance their education level. For obtaining qualifications or continuing education, the Group provides reimbursement of expenses and support for working hours in accordance with internal policies.

As of the end of the Reporting Period, the training situation of the Group is as follows:

Indicator	Percentage of trained employees to the total employees (unit: %)	Average training hours per employee (unit: hours)
Total number of trained employees	**97.48**	**10.67**
Categorized by gender		
Male	95.24	10.48
Female	98.70	10.78
Categorized by employee type		
Senior management	80.00	66.00
Middle management	96.00	8.80
General staff	98.88	8.13

3.1.3 Occupational health and employee care

The Group strictly formulates working hours, leave, and other welfare policies in accordance with national laws and regulations, ensuring employees enjoy statutory holidays and rest days while providing additional annual leave exceeding legal requirements. We are committed to offering comprehensive and multi-tiered welfare safeguards to enhance employees' quality of life, enabling them to share in the Group's development achievements. By facilitating work-life balance, we aim to elevate well-being and organizational identification.

The Group pays attention to the physical health of employees and creates a safe working environment, strictly complying with relevant laws and regulations such as the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》) and the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* (《中華人民共和國職業病防治法》). The Group organizes annual health check-ups for all employees and provides medical commercial insurance and paid sick leave that exceed regulatory requirements. During the Reporting Period, we organized traditional Chinese medicine pulse diagnosis activities for employees, promoted health knowledge, and created a culture of healthy living. In addition, the Group has established and published the *Office Environment Safety Management Guidelines* (《辦公環境安全管理準則》) and made clear requirements for visitors, security, and fire management. We have added fire prevention content in the "Health and Safety" chapter of the *Employee Handbook* (《員工手冊》), highlighting workplace fire prevention requirements and response measures. We also organize annual fire drills for employees in the office building. As of the end of the Reporting Period, the Group has had no work-related employee deaths in the past three years, and there have been no work-related accidents or occupational disease incidents during the Reporting Period.

As of the end of the Reporting Period, the Group's health and safety performance are as follows:

Indicator	Unit	In 2024
Work-related fatalities (during the past 3 years)	Person	–
Percentage of work-related fatalities (during the past 3 years)	%	–
Days lost due to work-related injuries	Day	–

The Group is dedicated to creating a work environment that is conducive to employees' growth by constructing a comprehensive employee care system. We meticulously prepare festival gifts for employees and provide benefits such as wedding allowances and childbirth benefits. Additionally, the Group actively provides residency support to employees in accordance with the household registration policies of their operating locations, enabling them to focus on career development within a stable living environment. We also regularly organize diverse cultural, sports, team-building, and holiday activities to enrich employees' leisure time and enhance team cohesion.

"Co-creating the Future in the Year of Dragon" Themed Annual Event

On January 26, 2024, the Group held its annual event in Shanghai and sincerely invited VISEN employees and their families to participate. The annual event had a theme of Chinese dragon culture and trends, with the main theme of "Co-creating the Future in the Year of Dragon". It was divided into five sections: "Leading Dragons," "Dragon Descendants," "Radiant Dragons," "Joyful Dragons," and "Dragon Prosperity." These sections provided a platform for employees to showcase their talents. During the annual event, employees and their families, adults and children, spent an unforgettable evening filled with laughter and joy.

VISEN Pharmaceuticals' 2024 Annual Event venue

"Family Day" Themed Activity

On July 12, 2024, VISEN Pharmaceuticals invited employees' family members to participate in the "Family Day" event and designed games such as opening shells to find pearls and capturing good times, as well as offering cotton candy filled with love. The gathering of parents and children at VISEN not only spent a wonderful afternoon together but also added fun to their busy work lives, promoting communication and understanding between family members and VISEN employees.

2024 Family Day

International Women's Day Activity

On March 8, 2024, the Group organized various handmade activities for female employees to participate in. The participating employees used twisty flower sticks to create beautiful flowers and carefully arranged them into bouquets of tulips, lilies, roses, and other colorful flowers. The buds were waiting to bloom, and the vibrant flowers in everyone's hands exuded warmth and romance. The activity was not only a leisurely afternoon but also enhanced communication among female employees.

2024 International Women's Day Activity

The Group actively builds a comprehensive communication mechanism to encourage employees to communicate directly with their immediate superiors on all kinds of problems encountered at work. Employees who wish to reflect problems through independent channels or involve sensitive matters that need to be kept confidential can contact the Human Resources ("**HR**") Department for feedback. The HR team responds to the feedback received in a timely manner and handles it seriously, and strictly abides by the principle of confidentiality. We turn employee opinions into concrete actions for management improvement, continually enhancing employee satisfaction.

3.2 Supply Chain Management

The Group is committed to extending its pursuit of excellent governance to the supply chain. We strictly screen suppliers and strive to create a mutually beneficial cooperation model in order to jointly improve quality and optimize services, providing solid guarantees for the steady development of the company.

3.2.1 Supplier management

The Group strictly adheres to local laws and regulations, such as the *Company Law of the People's Republic of China* (《中華人民共和國公司法》), and has formulated and implemented supplier management systems, including the *Procurement Procedure Document* (《採購程序文件》), *Supplier Management* (《供貨商管理》), *Procurement Tendering and Bidding Management* (《採購招投標管理》), *Framework Agreement Supplier Performance Management Guidelines* (《框架協議供貨商績效管理工作指導書》), and *Standard Operating Procedures for Personal Information Processing of Partner Personnel* (《合作方人員個人信息處理操作規程》), among others. It continuously improves relevant internal management systems and standardizes supplier management systems.

Supplier Qualification

To standardize supplier qualification management, we comprehensively evaluate supplier credentials by assessing procurement processes, supplier background checks, and supplier compliance. We also emphasize supplier ESG management, focusing on their performance in environmental protection, quality, human rights, and business ethics to effectively identify and address ESG risks in the supply chain and establish sustainable procurement practices.

Procurement Process	The business departments list qualification requirements, and after the procurement personnel conduct an initial screening of suppliers, the business departments and procurement departments combine technical qualifications and business negotiation results to make joint decisions.
Supplier Background Checks	The Group conducts background checks on suppliers, covering negative information, including ESG performance such as the environment and compliance. If negative information, penalty records, or other violations of laws and regulations are found, the admission process will be stopped promptly.
Supplier Compliance	The Group incorporates supplier compliance into the consideration of supplier admission and includes compliance clauses in supplier contracts, comprehensively regulating compliant procurement. In addition, the Group requires suppliers to sign/provide third-party legal compliance due diligence questionnaires, confidentiality agreements, and other documents for comprehensive management.

Supplier Management and Evaluation

In order to further standardize the management of suppliers, the Group has established a hierarchical management system for suppliers based on the nature of the goods/services purchased, the purchasing volume and frequency, the stability/substitutability of the suppliers, and the risks faced in specific industries and product types, to achieve optimal resource allocation and safeguard the enterprise's high-quality development.

Supplier Levels	Classification Criteria	Management Measures
Strategic Suppliers	Provide key materials or services, exclusive technology or long-term cooperation, large volume purchases, multiple products/services, etc.	Sign framework agreements, regular quality/technology exchanges, regular senior-level visits, strategic coordination management.
Important Suppliers	Cooperation for more than one year, stable and reliable quality, high degree of cooperation, but there are alternative options for suppliers.	Sign framework agreements, regular communication, annual supplier performance management, develop alternative suppliers.
General Suppliers	Other suppliers who meet the supplier admission procedures and pass quality audits.	Price competition-oriented, initiate supplier replacement strategy when identifying specific risks.

The Group has established a comprehensive supplier evaluation process based on internal guidelines such as *Framework Agreement Supplier Performance Management Guidelines* 《框架協議供貨商績效管理工作指導書》 and *Supplier Management* 《供貨商管理》. The procurement officer prepares evaluation forms and organizes supplier performance assessments; approved by the procurement department manager. At the same time, the Group has established a supplier performance evaluation system covering evaluation criteria such as customer management, core competitiveness, value-added services, contract management, and cost settlement. Through a combination of regular inspections and random checks, we comprehensively evaluate the overall performance of suppliers. For suppliers who do not pass the assessment, we follow the natural exit process to maintain high-quality procurement.

Supplier Communication

We understand that maintaining good supplier communication is an effective measure to strengthen supplier management. We actively expand communication channels, promote various forms of communication including written communication, on-site inspections, and formal audits in the entire lifecycle management of suppliers. We also understand and listen to supplier requirements and feedback in order to achieve mutual benefits and win-win value chain.

Supplier Management Case Study

During the bidding period for the Group's Suzhou Land Reclamation Project, background checks on suppliers involved multiple aspects such as compliance and HSE (Health, Safety, and Environment), and alternative suppliers with many negative situations in related aspects were vetoed. The Group clearly provided the HSE plan to suppliers and repeatedly emphasized the importance and requirements of EHS for the project. EHS, quality assurance measures, compliance, etc. were important scoring criteria for supplier selection. During the implementation of the project, dedicated personnel were assigned to on-site management, and professional EHS management personnel from consulting companies were hired to supervise on-site construction, EHS management, and quality management. As a result, the project was completed with zero safety accidents and high quality.

As of the end of the Reporting Period, the Group had a total of 211 suppliers, and we implemented relevant management measures for all suppliers. The number of suppliers categorized by region is as follows:

Indicator	Unit	In 2024
Chinese Mainland	Company	187
Hong Kong, Macao and Taiwan region	Company	14
Overseas	Company	10

3.2.2 *Supply chain risk management*

We understand that the sustainability of the supply chain is a key pillar for long-term development of the company. We are committed to building a responsible, transparent, and resilient supply chain system, integrating Environmental, Social, and Governance (ESG) principles into every aspect of supply chain management. The Group conducts risk assessments for supply chain risks, timely understands supply chain risks, and reduces operational risks.

Supply Chain Risk
In terms of macroeconomic and geopolitical risks, the main considerations include trade barriers (such as the impact of domestic and foreign technology export controls on the supply chain) and exchange rate fluctuations affecting procurement costs;
In terms of climate change risks, the main considerations include physical risks (such as the damage of extreme weather to material transportation). The main identified risks include the risk of concentration of suppliers from a single source and the risk of temperature control failure in cold chain transportation due to high temperature weather.

In order to promote supply chain risk management and enhance supply chain stability, we have formulated response measures for the main risks. With the aim of building a sustainable supply chain, reducing operational risks, enhancing business competitiveness, and making positive contributions to environmental protection and social progress, we work together with all parties to create a green future.

Main Response Measures for Risks
Diversification of the supply chain: development of local packaging material production projects, development of multiple channels for suppliers of research reagents.
Hedging policy compliance: advance layout for local production.
Digital monitoring: cooperation with cold chain transportation suppliers to monitor temperature control digitally.
Supply of key products: in addition to importing drugs from overseas, the Group has made efforts in local production to ensure the stable supply of related products through technology transfer.

In addition, we value the sustainable development of suppliers and conduct regular audits of suppliers to ensure the stability of the supply chain in all aspects. During the Reporting Period, we conducted on-site quality assessments of 8 domestic and overseas packaging material suppliers in the process of developing packaging materials for the localization of production, including three international suppliers and five local suppliers, and ultimately selected two of the highest quality suppliers.

4 SHARED SOCIAL RESPONSIBILITY

VISEN Pharmaceuticals is committed to becoming an expert in the field of endocrine therapy and always integrating social responsibility into its development strategy. Through targeted community investment programs, we aim to build a value-sharing ecosystem among patients, scientific research, and society. With the vision of "empowering endocrine patients to achieve their desired lives through innovative, human-centric therapies", the Group leverages its professional expertise in the areas of "achondroplasia (ACH)" and "hypoparathyroidism (HP)" to contribute to public welfare, bringing health and well-being to more patients.

In disease education and patient empowerment, the Group actively supports patient advocacy programs to raise public awareness of ACH, promote societal attention and support for ACH patients, and advance policy improvements. We also sponsor science popularization lectures and free clinic events for ACH, collaborating with stakeholders to better serve patients.

VISEN Pharmaceuticals Supporting 2024 ACH Day and 10th ACH Conference

On October 3, 2024, the "2024 ACH Day and 10th ACH Conference" was successfully held in Shanghai. This event was organized by Xinhua Hospital, affiliated to Shanghai Jiao Tong University School of Medicine, and the China Alliance for Rare Disease, with the co-organization of the "One Point Three Meters' Vision" (一米三的視界) ACH patient organization. As a long-term partner, the Group strongly supported the event.

Renowned experts from China and abroad were invited to gather with over 200 ACH patient families from all over the country to have in-depth discussions and exchanges on the latest progress in the diagnosis, treatment, and drug development of ACH, bringing new hope to patients. Through medical popular science lectures, patients and their families gained a comprehensive and accurate understanding of the complications of ACH, as well as orthopedic correction and limb reconstruction surgery, providing scientific guidance for disease management.

VISEN Pharmaceuticals Supports the "2nd Hanmeng Care Program | ApproaCH Project Northern Region Free Clinic Event"

On August 8, 2024, the "2nd Hanmeng Care Program | ApproaCH Project Northern Region Free Clinic Event", hosted by the Beijing Rare Disease Diagnosis and Treatment Association, co-organized by the "1.3-Meter Perspective" Patient Organization, and supported by the Group, was held in Beijing.

Leading growth disorder experts nationwide delivered patient-focused lectures on ACH diagnosis and management, while providing free consultations to over 100 ACH and other skeletal dysplasia patients, pioneering a new chapter in shared healthcare models.

In the field of scientific research support and data infrastructure, the Group has entered into a five-year strategic partnership with the China Alliance for Rare Diseases (CHARD) to launch the ApproaCH Project, which involves establishing a national achondroplasia (ACH) patient registry and diagnostic consensus, with the Group responsible for funding the project. The National Patient Registry Study (ApproaCH Registry Study) was initiated in April 2021. As of December 2024, the ApproaCH Registry Study has enrolled a total of 480 patients, with 214 first-year follow-ups, 100 second-year follow-ups, and 59 third-year follow-ups completed. The study is expected to conclude in 2025, providing valuable scientific data on the demographic and clinical characteristics of ACH patients in China. Additionally, the Group has established a strategic cooperation agreement with the Peking University Health Science Center to launch the PaTHway R Study – China's first patient registry study for hypoparathyroidism (HP) and one of the largest global cohort studies on this condition – aiming to enhance understanding of the etiology, treatment options, and disease burden of HP among the public and professionals.

From disease research to patient services, the Group has established a philanthropic cycle of "Research-Clinical Care-Patients". By supporting disease research, we have fulfilled our responsibilities as industry pioneers and accumulated real-world data for future drug development. Through continuous patient care initiatives, we have strengthened the brand's warmth and established an image of a "warm innovator" in the field of endocrine diseases, creating a new paradigm of social responsibility for biopharmaceutical companies.

During the Reporting Period, we focused on charitable contributions in the medical and health fields, with a total investment of RMB583,500 and employees contributing 1,936 hours of volunteer work.

5 PRACTICING GREEN DEVELOPMENT

The Group adheres to the principle of responsible operations throughout its development journey, actively fostering a green office culture and integrating environmental protection awareness into daily operation and management. Through technological innovation and management optimization, we enhance resource utilization efficiency and effectively reduce our environmental footprint.

5.1 Emission Management

As the Group will collaborate with a designated local CDMO, there are no emissions related to production in its own operations. Apart from construction waste generated from land reclamation[1] in Suzhou, all our wastewater and solid waste come from daily office operations, with no air emissions. The Group strictly complies with laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* 《中華人民共和國固體廢物污染環境防治法》 and the *Management Measures for the Prevention and Control of Pollution from Electronic Waste* 《電子廢物污染環境防治管理辦法》. We promote waste classification and centrally collect and dispose of hazardous waste such as toner cartridges and batteries. During the Reporting Period, the Group did not have any violations of environmental regulations or incidents of excessive emissions that had a significant impact on the environment and natural resources.

Given the currently low actual emission levels, the Group has not set specific targets for reducing pollutant emissions. We commit to continuously monitoring and assessing the emission levels and environmental impacts of our CDMO partners during commercialization and localization processes to reduce the environmental impact of our operations on the environment and natural resources.

During the Reporting Period, the Group's emissions were as follows:

Indicator	Unit	In 2024
Wastewater		
Domestic wastewater discharge	m^3	1,220.94
Per employee wastewater discharge volume	m^3/person	20.52
Waste		
Total Domestic waste	Ton	4.39
Construction waste	Ton	1,448.60
Total non-hazardous waste	Ton	1,452.99
Non-hazardous waste intensity	Tons/person	24.42
Total hazardous waste	Kg	15.74
Hazardous waste intensity	Kg/person	0.26
Total solid waste	Ton	1,453.01
Solid waste emission intensity	Tons/person	24.42

1 This matter is a one-time event, please refer to Business – Termination of the Land Use Right Transfer Agreement in the prospectus of the Company dated March 13, 2025, which is available for viewing on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.visenpharma.com). The construction waste is handled by a professional third party and has not caused any impact on the surrounding environment.

5.2 Resource Usage

Energy Consumption

The Group strictly adheres to the requirements of relevant laws and regulations such as the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》), and continuously strengthens company-wide energy conservation awareness through methods including quarterly environmental-themed email campaigns, embedding environmental slogans on the intranet, and posting reminders at office light switches. During the Reporting Period, apart from electricity consumed by land reclamation in Suzhou, all other energy consumed by the Group was purchased electricity for office use.

To further reduce energy consumption, in 2024, the Group migrated multiple servers from local server rooms to cloud service platforms to reduce the reliance on electricity and air conditioning in local server rooms and deepen our practice of green office through the efficient global infrastructure and 100% renewable energy usage target of the cloud service platform. The on-demand allocation mechanism of cloud computing resources effectively avoids energy waste caused by idle traditional servers and significantly improves resource efficiency. At the same time, this migration reduces the need for local hardware equipment procurement, upgrades, and disposal, effectively reducing the pressure on natural resource extraction.

Given the low overall energy consumption in our operations, the Group has not set specific energy use efficiency targets. We commit to continuously monitoring and evaluating the energy consumption levels of our CDMO partners during the commercialization and localization processes. We actively explore energy structure optimization and energy efficiency improvement solutions.

During the Reporting Period, the Group's energy consumption was as follows:

Indicator	Unit	In 2024
Indirect energy consumption – purchased electricity	KWh	70,293.00
Total energy consumption	KWh	70,293.00
Unit employee total energy consumption intensity	KWh/person	1,181.39

Water Usage

We strictly comply with the *Water Law of the People's Republic of China* (《中華人民共和國水法》) and regulate water resource management processes, actively promote water conservation awareness among employees to prevent water resource wastage. All our water usage is from municipal water supply. During the Reporting Period, there were no incidents of unauthorized water usage or issues in sourcing water that is fit for purpose. We actively promote water-saving awareness among employees to avoid water waste.

Given the relatively low water consumption in our operations, the Group has not established water usage targets. We commit to continuously monitoring and evaluating the water management practices and water use efficiency of CDMO partners during commercialization and localized production processes, while actively exploring water conservation initiatives.

During the Reporting Period, the Group's water consumption was as follows:

Indicator	Unit	In 2024
Water use		
Water consumption	m^3	1,356.60
Per employee water consumption intensity	m^3/person	22.80

Green Procurement

In selecting CDMO suppliers, we give priority to partners globally recognized for their sustainable development practices. We actively focus on their environmental management, emission compliance, energy transition measures, and supply chain carbon emissions transparency to optimize the environmental footprint management of our value chain.

5.3 Addressing Climate Change

In the context of globalization, the biopharmaceutical industry faces new challenges in sustainable development. The Group recognizes the long-term impact of addressing climate change issues on drug development environments, supply chain stability, and patient health. Based on industry characteristics, we incorporate climate strategies into our business decisions. While strictly complying with local environmental regulations, and based on the recommendations framework of the Task Force on Climate-related Financial Disclosures (TCFD), we systematically identify and assess climate change-related risks, opportunities, and potential impacts, and develop corresponding response strategies.

Climate change risks/opportunities		Risks/opportunities and potential impacts
Physical Risks	Acute Risks	Sudden Extreme weather events (such as typhoons, heavy rainfall, thunderstorms) can directly impact normal production and operations, and could potentially lead to personal injury, asset losses, and other severe consequences.
	Chronic Risks	The rise in average temperature will have a significant impact on operational costs, including energy costs, as various expenses may increase.
Transition Risks	Policy and Legal Risks	As environmental policies in response to climate change become more stringent at the national and local levels, companies may face multiple requirements, such as energy conservation, emission reduction, and increased transparency in information disclosure, leading to increased operational costs and compliance risks.
	Reputation Risks	Stakeholders' attention to green and low-carbon initiatives and climate change issues continues to deepen, which may require companies to disclose climate strategies, specific targets, and corresponding performance data. Failure to meet expectations may have adverse effects on a company's business performance.
	Market Risks	With increasing focus from investors and business partners on a company's carbon neutrality strategies and actions, underachievement in addressing climate change measures may impact the company's position in the capital market and harm its brand reputation.

Climate change risks/opportunities		Risks/opportunities and potential impacts
Opportunities	Resource Efficiency	Improving resource utilization efficiency, promoting technological innovation, and advancing circular economy models to seize development opportunities.
	Market	Responsible supply chain: Establishing a green and sustainable development system throughout the entire supply chain to ensure alignment with national strategic plans and market demands, thereby enhancing competitiveness in the industry. Waste reduction: Introducing small-capacity products tailored to local markets, reducing the storage of residual drugs, and reducing resource waste.

During the Reporting Period, all greenhouse gas emissions generated from our operations corresponded to Scope 2 emissions from purchased electricity, converted to 37.72 tons of carbon dioxide equivalents[2]. The per employee greenhouse gas emission intensity was 0.63 tons of carbon dioxide equivalents. In the process of achieving technology transfer and localized production, the Group will cooperate with partners to actively promote energy conservation, emission reduction, and circular economy to achieve synergies in greenhouse gas reduction across the entire value chain.

2 The carbon emission factor for the year 2022 is an average carbon dioxide emission factor for national electricity of 0.5366. The data is sourced from the Announcement on Carbon Dioxide Emission Factors for Electricity in 2022, issued by the Ministry of Ecology and Environment and the National Bureau of Statistics (Announcement No. 33 of 2024).

APPENDIX: HONG KONG STOCK EXCHANGE ESG INDICATORS INDEX

Categories of Environment, Social, and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Index
A. Environment		
A1: Emissions		
General Disclosures	Related to the emission of exhaust gas and greenhouse gases, sewage discharge to water and land, generation of hazardous and non-hazardous wastes, etc.: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	5.1 Emission Management
Key Performance Indicator A1.1	The types of emissions and respective emissions data.	5.1 Emission Management
Key Performance Indicator A1.2	Direct (range 1) and energy indirect (range 2) greenhouse gas emissions (in tons) and where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 Climate Change Adaptation[6]
Key Performance Indicator A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emission Management
Key Performance Indicator A1.4	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Emission Management
Key Performance Indicator A1.5	Description of emissions target(s) set and steps taken to achieve them.	5.1 Emission Management
Key Performance Indicator 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.	5.1 Emission Management

6 All greenhouse gas emissions generated by the Group's operations are from range 2 emissions related to purchased electricity.

Categories of Environment, Social, and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Index
A2: Resources		
General Disclosures	Policies on effective use of resources (including energy, water and other raw materials).	5.2 Resource Usage
Key Performance Indicator A2.1	Total consumption and intensity (per production unit, per facility) of direct and/or indirect energy (e.g., electricity, gas, or oil) categorized by type.	5.2 Resource Usage
Key Performance Indicator A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.2 Resource Usage
Key Performance Indicator A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.2 Resource Usage
Key Performance Indicator 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.	5.2 Resource Usage
Key Performance Indicator A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	As the Group has not yet completed the technology transfer and localized production, it does not involve the use of packaging materials.
A3: The Environment and Natural Resources		
General Disclosures	Policies on minimising the issuer's significant impacts on the environment and natural resources.	5.1 Emission Management
Key Performance Indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5.1 Emission Management
A4: Climate Change		
General Disclosures	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.3 Climate Change Adaptation
Key Performance Indicator A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.3 Climate Change Adaptation

Categories of Environment, Social, and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Index
B. Social		
Conventions for employment and labor		
B1: Employment		
General Disclosures	Regarding remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, non-discrimination, and other benefits and welfare: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	3.1 Employment and Care
Key Performance Indicator B1.1	Total workforce by gender, employment type (full-time or part-time), age group and geographical region.	3.1 Employment and Care
Key Performance Indicator B1.2	Employee turnover rate by gender, age group and geographical region	3.1 Employment and Care
B2: Health and Safety		
General Disclosures	Related to provision of a safe working environment and assurance of employees from occupational hazard: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	3.1 Employment and Care
Key Performance Indicator B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.1 Employment and Care
Key Performance Indicator B2.2	Lost days due to work injury.	3.1 Employment and Care
Key Performance Indicator B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.1 Employment and Care

Categories of Environment, Social, and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Index
B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Description of training activities.	3.1 Employment and Care
Key Performance Indicator B3.1	Percentage of trained employees categorized by gender and employee type (e.g., senior management, middle management).	3.1 Employment and Care
Key Performance Indicator B3.2	The average training hours completed per employee by gender and employee category.	3.1 Employment and Care
B4: Labor Standards		
General Disclosures	Related to the prevention of use of child labor or forced labor: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	3.1 Employment and Care
Key Performance Indicator B4.1	Description of measures to review employment practices to avoid child and forced labor.	3.1 Employment and Care
Key Performance Indicator B4.2	Description of steps taken to eliminate such practices when discovered.	As the employees employed by the Group require certain levels of basic education and work experience, there were no elimination actions relating to child labor and forced labor upon discovery.

Categories of Environment, Social, and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Index
Operational practices		
B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	3.2 Supply chain management
Key Performance Indicator B5.1	Number of suppliers by region.	3.2 Supply chain management
Key Performance Indicator B5.2	Description of practices related to identifying environmental and social risks in each link of the supply chain, and methods for execution and monitoring.	3.2 Supply chain management
Key Performance Indicator B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.2 Supply chain management
Key Performance Indicator B5.4	Description of practices that promote the use of environmentally friendly products and services when selecting suppliers, and methods for execution and monitoring.	3.2 Supply chain management
B6: Product Responsibility		
General Disclosures	Regarding product and service health and safety, advertising, labeling, privacy matters, and remedial measures: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	2 Exploring Creative Frontiers
Key Performance Indicator B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as the Group does not have commercialized products.
Key Performance Indicator B6.2	Number of products and service related complaints received and how they are dealt with.	Not applicable as the Group does not have commercialized products.
Key Performance Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.3 Intellectual Property Management
Key Performance Indicator B6.4	Description of quality assurance process and recall procedures.	2.4 Quality Management 2.5 Pharmacovigilance
Key Performance Indicator B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.4 Business Ethics

Categories of Environment, Social, and Governance (ESG) and General Disclosure and Key Performance Indicators (KPIs)		Index
B7: Anti-Corruption		
General Disclosures	Regarding prevention of bribery, extortion, fraud, and money laundering: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer.	1.4 Business Ethics
Key Performance Indicator 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.	1.4 Business Ethics
Key Performance Indicator B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	1.4 Business Ethics
Key Performance Indicator B7.3	Description of anti-corruption training provided to directors and employees.	1.4 Business Ethics
Community		
B8: Community Investment		
General Disclosures	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.	4 Shared Social Responsibility
Key Performance Indicator B8.1	Focus on areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	4 Shared Social Responsibility
Key Performance Indicator B8.2	Use of resources within the category (such as money or time).	4 Shared Social Responsibility

INDEPENDENT AUDITOR'S REPORT

To the shareholders of VISEN Pharmaceuticals
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of VISEN Pharmaceuticals (the "Company") and its subsidiaries (the "Group") set out on pages 125 to 184, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Accounting for the research and development costs The Group incurred research and development ("R&D") costs of approximately RMB90,521,000 recognised in consolidated profit or loss for the year ended 31 December 2024. These costs mainly comprised staff costs, material and consumable costs, and service fees paid to research organisations, clinical site management operators and clinical trial centers (collectively referred to as "Outsourced Service Providers"). The R&D activities involving the Outsourced Service Providers are governed by contractual agreements. The related expenses are recognised in profit or loss based on the multiple contractual terms as stipulated in the agreements including the progress of the respective R&D projects. We identified the accounting for the R&D costs related to those paid or payable to the Outsourced Service Providers as a key audit matter due to the significance of these costs and the risk of misallocation in the appropriate financial reporting periods. Related disclosures are included in notes 2.4 and 3 to the financial statements.	Our procedures in relation to the R&D costs included the following: We obtained an understanding of the Group's key controls over the recognition and measurement process of R&D costs. We inquired management regarding periodical fluctuations in R&D costs and performed analytical review thereon. We selected, on a sampling basis, R&D costs to i) review the key terms in the related agreements with Outsourced Service Providers; ii) inquire with R&D personnel; and (iii) inspect supporting documents to verify the progress of the R&D projects and assess the amounts of R&D costs recognised. We performed cut-off tests on a sample basis and reviewed supporting documents to assess the recognition of R&D costs in the appropriate accounting periods. We conducted procedures to search for unrecorded liabilities subsequent to 31 December 2024.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

- 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is HO Siu Fung, Terence.

Ernst & Young
Certified Public Accountants

Hong Kong
23 April 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Other income	5	**9,864**	11,356
Other gains and losses, net	6	**2,375**	(106,695)
Research and development costs		**(90,521)**	(57,690)
Administrative expenses		**(86,434)**	(79,944)
Finance costs	8	**(161)**	(317)
Listing expenses		**(17,365)**	(16,280)
LOSS BEFORE TAX	7	**(182,242)**	(249,570)
Income tax expense	11		–
LOSS FOR THE YEAR		**(182,242)**	(249,570)
Attributable to:			
Owners of the Company		**(182,242)**	(249,570)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of subsidiaries		**(131)**	106
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(131)**	106
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(182,373)**	(249,464)
Attributable to:			
Owners of the Company		**(182,373)**	(249,464)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB per share)	13	**(1.95)**	(2.67)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	**277**	876
Right-of-use assets	*15*	**10,879**	12,379
Intangible assets	*16*	**54**	567
Amount advanced to a related party	*25*	**39,193**	39,193
Prepayments and other receivables	*17*	**20,847**	16,660
Total non-current assets		**71,250**	69,675
CURRENT ASSETS			
Prepayments and other receivables	*17*	**11,184**	16,972
Amounts advanced to a related party	*25*	**7,802**	9,367
Cash and cash equivalents	*18*	**203,587**	347,782
Total current assets		**222,573**	374,121
CURRENT LIABILITIES			
Trade and other payables	*19*	**38,788**	37,582
Deferred income		**–**	2,900
Amounts due to related parties	*25*	**11,403**	8,790
Lease liabilities	*15*	**1,997**	2,552
Total current liabilities		**52,188**	51,824
NET CURRENT ASSETS		**170,385**	322,297
TOTAL ASSETS LESS CURRENT LIABILITIES		**241,635**	391,972
NON-CURRENT LIABILITIES			
Lease liabilities	*15*	**360**	1,097
Total non-current liabilities		**360**	1,097
Net assets		**241,275**	390,875

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*20*	**70**	70
Treasury shares	*20*	**(6)**	(6)
Reserves	*21*	**241,211**	390,811
Total equity		**241,275**	390,875

LU An-bang
Director

FU Shan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital RMB'000 (note 20)	Treasury shares RMB'000 (note 20)	Share premium* RMB'000 (note 21)	Share reward reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2023	70	(6)	1,523,253	311,169	(100)	(1,181,781)	652,605
Loss for the year	–	–	–	–	–	(249,570)	(249,570)
Other comprehensive income for the year:							
Exchange differences on translation of the financial statements of subsidiaries	–	–	–	–	106	–	106
Total comprehensive loss for the year	–	–	–	–	106	(249,570)	(249,464)
Equity-settled share-based payment	–	–	–	(12,266)	–	–	(12,266)
At 31 December 2023 and 1 January 2024	**70**	**(6)**	**1,523,253**	**298,903**	**6**	**(1,431,351)**	**390,875**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(182,242)**	**(182,242)**
Other comprehensive income for the year:							
Exchange differences on translation of the financial statements of subsidiaries	**–**	**–**	**–**	**–**	**(131)**	**–**	**(131)**
Total comprehensive loss for the year					**(131)**	**(182,242)**	**(182,373)**
Equity-settled share-based payment	**–**	**–**	**–**	**32,773**	**–**	**–**	**32,773**
At 31 December 2024	**70**	**(6)**	**1,523,253**	**331,676**	**(125)**	**(1,613,593)**	**241,275**

* These accounts comprise the reserves of RMB241,211,000 (2023: RMB390,811,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(182,242)**	(249,570)
Adjustments for:			
Bank interest income	*5*	**(6,770)**	(11,145)
Finance costs	*8*	**161**	317
Depreciation of property, plant and equipment	*7*	**716**	1,509
Depreciation of right-of-use assets	*7*	**3,237**	4,639
Amortisation of intangible assets	*7*	**513**	848
Loss on disposal of items of property, plant and equipment	*7*	**–**	242
Loss on termination of a lease contract	*15*	**–**	273
Loss from a discontinued procurement contract	*6*	**–**	69,171
Share-based payment expenses/(credit)	*22*	**32,773**	(12,266)
		(151,612)	(195,982)
Increase in prepayments and other receivables		**(821)**	(1,667)
(Increase)/decrease in an amount advanced to a related party		**1,565**	(48,560)
(Decrease)/increase in amounts due to related parties		**2,613**	(21,521)
(Decrease)/increase in trade and other payables		**1,206**	(12,080)
Decrease in deferred income		**(2,900)**	–
Cash used in operations		**(149,949)**	(279,810)
Interest received		**9,091**	8,500
Net cash flows used in operating activities		**(140,858)**	(271,310)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(117)**	(520)
Net cash flows used in investing activities		**(117)**	(520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments, including related interest		**(3,089)**	(4,945)
Payment of listing expense		**–**	(2,007)
Net cash flows used in financing activities		**(3,089)**	(6,952)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(144,064)**	(278,782)
Effect of foreign exchange rate changes		**(131)**	106
Cash and cash equivalents at beginning of year		**347,782**	626,458
CASH AND CASH EQUIVALENTS AT END OF YEAR	*18*	**203,587**	347,782

1. CORPORATE AND GROUP INFORMATION

VISEN Pharmaceuticals (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 1 November 2018. The registered office address of the Company is P.O. Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in developing and commercialising paradigm-shifting endocrine therapies. The address of the head office of the Company is Suite 3-108, Floor 3, Building B, Hengtai Lixiang Chuangxin Tower, 69 Jiuzhang Road, Suzhou, China.

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 issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
VISEN Pharmaceuticals HK Limited ("VISEN HK")	Hong Kong, 13 November 2018	United States dollars ("USD") 148,520,000	100%	–	Investment holding
VISEN Pharmaceuticals (BVI) Limited ("VISEN BVI")	British Virgin Islands, 9 November 2020	USD2,050,000	100%	–	Investment holding
VISEN Pharmaceuticals (Shanghai) Co., Ltd.* ("VISEN SH") (維昇藥業(上海)有限公司)	People's Republic of China ("PRC")/ Chinese Mainland, 15 February 2019	USD113,000,000	–	100%	Developing and commercialising paradigm-shifting endocrine therapies in China
VISEN Pharmaceuticals (Suzhou) Co., Ltd.* ("VISEN SZ") (維昇藥業(蘇州)有限公司)	PRC/ Chinese Mainland, 11 June 2021	USD80,000,000	–	100%	Developing and commercialising paradigm-shifting endocrine therapies in China
VISEN Pharmaceuticals (Taiwan) Ltd. ("VISEN TW") (台灣維昇藥業有限公司)	Taiwan, 28 December 2021	Taiwan dollars ("TWD") 45,000,000	–	100%	Developing and commercialising paradigm-shifting endocrine therapies in Taiwan

* These entities are registered as wholly-foreign-owned enterprises under PRC law. The English names of these entities represent the best effort made by the directors of the Company to translate the Chinese names as they have not been registered with any official English name.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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 amended IFRS Accounting Standards, that have been issued but are not yet effective, in the consolidated financial statements for the year ended 31 December 2024. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IAS 21	*Lack of Exchangeability*[1]
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]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
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

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduce new requirements on presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. However, the application of IFRS 18 is not expected to have any impact on the financial positions or performance of the Group. Other than IFRS 18, so far, the Group considers that IFRS 19 and the amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

  (ii) has significant influence over the Group; or

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

or

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

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

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

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

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:

Furniture and equipment	20% to 67%
Leasehold improvements	48% to 55%

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 the end of the reporting period.

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

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 the end of the reporting period.

Software is amortised on a straight-line basis over the useful economic life of 3 to 5 years.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Research and development costs

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Office premises	2 to 3 years
Land use right	30 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.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

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

(c) Short-term leases

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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).

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach (Continued)

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.

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as appropriate.

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

The Group's financial liabilities include trade and other payables and amounts due to related parties.

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)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements 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.

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 each of the reporting periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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, associates and joint ventures, 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 the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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 each of the reporting periods.

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.

Revenue recognition

Other income

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

Share-based payments

The Company operates an equity incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the market approach.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. 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.

Other employee benefits

Pension scheme

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

Housing fund – Chinese Mainland

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

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.

Foreign currencies

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

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

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

Fair value measurement

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 consolidated 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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

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

These research and development ("R&D") expenses recognised in the current and prior years mainly comprised staff costs, material and consumable costs, and service fees paid to research organisations, clinical site management operators and clinical trial centers (collectively referred to as "Outsourced Service Providers").

The R&D activities involving the Outsourced Service Providers are governed by contractual agreements. The related expenses are recognised in profit or loss based on the multiple contractual terms as stipulated in the agreements including the progress of the respective R&D projects. Management judgement and estimates are involved in determining the amounts of the related R&D expenses to be recognised in the appropriate financial reporting periods given that the calculation of the R&D fees are complex as a result of the multiple contractual terms in the agreements with the Outsourced Service Providers.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

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

Recognition of income taxes and deferred tax assets

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

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is developing and commercialising paradigm-shifting endocrine therapies. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

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

5. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants and other subsidies related to income *(note)*	**3,094**	211
Bank interest income	**6,770**	11,145
Total	**9,864**	11,356

Note: Government grants were received from the PRC local government authorities to support a subsidiary's operating activities. There are no unfulfilled conditions relating to these government grants.

6. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
Net foreign exchange gains	**2,692**	4,706
Grants *(note i)*	**(317)**	(1,407)
Donations *(note ii)*	**–**	(473)
Loss on disposal of property, plant and equipment	**–**	(242)
Loss on termination of a lease contract	**–**	(273)
Loss from a discontinued procurement contract *(Note 25(a)(ii))*	**–**	(109,006)
	2,375	(106,695)

Notes:

i. During the year ended 31 December 2024, the Group granted RMB317,000 (2023: RMB1,407,000) to a national cooperative exchange platform for rare diseases for sponsoring its research on diagnosis consensus of achondroplasia in the PRC.

ii. During the year ended 31 December 2023, the Group donated RMB473,000 to non-profit making organisations for the purpose of epidemic relief and public welfare.

7. LOSS BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Depreciation of property, plant and equipment	**716**	1,509
Depreciation of right-of-use assets	**3,237**	4,639
Amortisation of intangible assets	**513**	848
Loss from a discontinued procurement contract	**–**	109,006
Listing expenses	**17,365**	16,280
Loss on disposal of items of property, plant and equipment	**–**	242
Auditors' remuneration	**252**	146
Short-term lease payments	**467**	344
Loss on termination of a lease contract	**–**	273
Staff costs (including directors' emoluments):		
– Salaries, discretionary bonuses, allowances and benefits in kind	**62,648**	75,200
– Pension scheme contributions	**3,426**	3,704
– Share-based payment expenses/(credits)	**32,773**	(12,266)
	98,847	66,638

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**161**	317

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. LU An-bang and Dr. DONG Dandan were appointed as executive directors of the Company with effect from 7 November 2018. Mr. FU Shan and Mr. Jan Møller MIKKELSEN were appointed as non-executive directors of the Company with effect from 1 November 2018 and 7 November 2018, respectively. Mr. Michael Wolff JENSEN and Mr. CAO Yibo were appointed as non-executive directors of the Company with effect from 8 January 2021. Dr. YAO Zhengbin, Mr. CHAN Peng Kuan and Ms. NI Hong were appointed as independent non-executive directors of the Company with effect from 1 April 2021. Mr. Michael J CHANG was appointed as a non-executive director of the Company and Dr. DONG Dandan resigned as an executive director with effect from 13 December 2023.

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	2023
	RMB'000	RMB'000
Fees	**1,104**	1,080
Other emoluments:		
Salaries, allowances and benefits in kind	**3,900**	3,175
Discretionary bonuses	**876**	1,052
Pension scheme contributions	**72**	–
Share-based payment expenses	**23,814**	13,762
	28,662	17,989
	29,766	19,069

In prior years, a director was granted with restricted share units, in respect of his services to the Group, under the equity incentive plan of the Company, further details of which are set out in note 22 to the financial statements. The fair value of such restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the reporting periods are included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Dr. YAO Zhengbin	**368**	360
Mr. CHAN Peng Kuan	**368**	360
Ms. NI Hong	**368**	360
	1,104	1,080

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

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

	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payment expenses RMB'000	Total RMB'000
2024					
Executive director:					
Mr. LU An-bang*	**3,900**	**876**	**72**	**23,814**	**28,662**
Non-executive directors:					
Mr. FU Shan	**–**	**–**	**–**	**–**	**–**
Mr. Michael J. CHANG	**–**	**–**	**–**	**–**	**–**
Mr. Jan Møller MIKKELSEN	**–**	**–**	**–**	**–**	**–**
Mr. Michael Wolff JENSEN	**–**	**–**	**–**	**–**	**–**
Mr. CAO Yibo	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**

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

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

	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payment expenses RMB'000	Total RMB'000
2023				
Executive directors:				
Mr. LU An-bang*	3,175	1,052	13,762	17,989
Dr. DONG Dandan	–	–	–	–
	3,175	1,052	13,762	17,989
Non-executive directors:				
Mr. FU Shan	–	–	–	–
Mr. Michael J. CHANG	–	–	–	–
Mr. Jan Møller MIKKELSEN	–	–	–	–
Mr. Michael Wolff JENSEN	–	–	–	–
Mr. CAO Yibo	–	–	–	–
	–	–	–	–

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

* Mr. LU An-bang is also the chief executive of the Company, and his remuneration disclosed above included the remuneration for the services rendered by him as the chief executive.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director who is also the chief executive (2023: one director), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**8,558**	7,771
Discretionary bonuses	**4,246**	4,272
Pension scheme contributions	**221**	146
Share-based payment expenses	**7,620**	8,426
	20,645	20,615

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

	2024	2023
	No.of employees	No.of employees
HKD2,500,001 to HKD3,000,000	**2**	1
HKD3,000,001 to HKD3,500,000	**–**	1
HKD4,500,001 to HKD5,000,000	**–**	1
HKD5,000,001 to HKD5,500,000	**1**	–
HKD11,500,001 to HKD12,000,000	**1**	–
HKD12,000,001 to HKD12,500,000	**–**	1
	4	4

In prior years, restricted share units were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 22 to the financial statements. The fair value of such restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the reporting periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the year, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company 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 on the Company.

British Virgin Islands

Under the current laws of the British Virgin Islands ("BVI"), the subsidiary incorporated in the BVI is not subject to tax on income or capital gains. In addition, upon payments of dividends to its shareholder, no BVI withholding tax is imposed on the subsidiary.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made for the year (2023: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the year.

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the subsidiaries which operate in Chinese Mainland were subject to CIT at a rate of 25% on the taxable income during the year.

Pursuant to the relevant CIT Law, VISEN SH enjoyed super deduction of 100% on qualifying research and development expenditures during the year.

11. INCOME TAX (CONTINUED)

Taiwan

The subsidiary incorporated in Taiwan is subject to Taiwan profits tax. The first TWD120,000 of assessable profits of this subsidiary are not subject to tax and the remaining assessable profits are taxed at 20%. No Taiwan profits tax was provided for as the Group did not generate any assessable profits arising in Taiwan during the year.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the Company and majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	RMB'000
Loss before tax	**(182,242)**	(249,570)
Tax at the statutory tax rate (25%)	**(45,561)**	(62,393)
Lower tax rate enacted by local authority	**3,886**	13,177
Tax effect of expenses not deductible for tax purposes	**9,542**	15,665
Income not subject to tax	**(159)**	(238)
Additional deductible allowance for research and development expenses	**(18,097)**	(16,960)
Tax effect of tax losses and deductible temporary differences not recognised	**50,389**	50,749
Tax charge at the Group's effective rate	**–**	–

The Group had tax losses in Chinese Mainland of RMB886,979,000 in aggregate as at 31 December 2024 (2023: RMB725,072,000) that will expire in one to five years for offsetting against future taxable profits of the company in which the losses arose.

Deferred tax assets have not been recognised in respect of tax losses and deductible temporary differences as they have arisen in the subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses and deductible temporary differences can be utilised.

Since the Group did not fall within the scope of the Pillar Two model rules, the Pillar Two model rules did not have any impact to the Group during the year.

12. DIVIDENDS

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

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts for the years ended 31 December 2024 and 2023 is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares outstanding after taking into account the retrospective adjustments on the assumption that the conversion of preferred shares as disclosed in note 20 had been in effect on 1 January 2023.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of restricted share units had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	2024	2023
Loss		
Loss attributable to ordinary equity holders of the parent for the purpose of calculating basic and diluted loss per share (RMB'000)	**(182,242)**	(249,570)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted loss per share calculation	**93,636,364**	93,636,364
Loss per share (basic and diluted) (RMB per share)	**(1.95)**	(2.67)

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2024			
At 1 January 2024:			
Cost	**1,529**	**1,756**	**3,285**
Accumulated depreciation	**(1,165)**	**(1,244)**	**(2,409)**
Net carrying amount	**364**	**512**	**876**
At 1 January 2024, net of accumulated depreciation	**364**	**512**	**876**
Additions	**41**	**76**	**117**
Depreciation provided during the year	**(260)**	**(456)**	**(716)**
At 31 December 2024, net of accumulated depreciation	**145**	**132**	**277**
At 31 December 2024:			
Cost	**1,557**	**281**	**1,838**
Accumulated depreciation	**(1,412)**	**(149)**	**(1,561)**
Net carrying amount	**145**	**132**	**277**

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2023			
At 1 January 2023:			
Cost	1,585	3,659	5,244
Accumulated depreciation	(837)	(2,055)	(2,892)
Net carrying amount	748	1,604	2,352
At 1 January 2023, net of accumulated depreciation	748	1,604	2,352
Additions	69	206	275
Disposal	(14)	(228)	(242)
Depreciation provided during the year	(439)	(1,070)	(1,509)
At 31 December 2023, net of accumulated depreciation	364	512	876
At 31 December 2023:			
Cost	1,529	1,756	3,285
Accumulated depreciation	(1,165)	(1,244)	(2,409)
Net carrying amount	364	512	876

As at 31 December 2024 and 2023, there were no pledged property, plant and equipment.

15. LEASES

The Group as a lessee

The Group has lease contracts for a land use right and various items of office premises used in its operations. The land use right has a term of approximately 30 years and leases of office premises generally have lease terms between 2 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Land use right RMB'000	Office premises RMB'000	Total RMB'000
31 December 2024			
As at 1 January 2024	**8,887**	**3,492**	**12,379**
Addition	**–**	**1,737**	**1,737**
Depreciation charge	**(317)**	**(2,920)**	**(3,237)**
As at 31 December 2024	**8,570**	**2,309**	**10,879**
31 December 2023			
As at 1 January 2023	9,205	5,607	14,812
Addition	–	3,070	3,070
Termination of a lease contract	–	(864)	(864)
Depreciation charge	(318)	(4,321)	(4,639)
As at 31 December 2023	8,887	3,492	12,379

On 2 November 2023, the Group exercised the termination right in the land use right transfer agreement and submitted an application of land return (the "Application"). As of 31 December 2024, the Application was still under ordinary review process by relevant governmental authority.

15. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**3,649**	5,996
New leases	**1,636**	2,872
Termination of a lease contract	**–**	(591)
Accretion of interest recognised during the year	**161**	317
Payments	**(3,089)**	(4,945)
Carrying amount at 31 December	**2,357**	3,649
Analysed into:		
Current portion	**1,997**	2,552
Non-current portion	**360**	1,097

The maturity analysis of lease liabilities is disclosed in note 28 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets	**3,237**	4,639
Interest on lease liabilities	**161**	317
Expenses relating to short-term leases	**467**	344
Loss on termination of a lease contract	**–**	273
Total amount recognised in profit or loss	**3,865**	5,573

(d) The total cash outflow for leases is disclosed in note 23(c) to the financial statements.

16. INTANGIBLE ASSETS

	Software RMB'000
31 December 2024	
At 1 January 2024:	
Cost	**2,693**
Accumulated amortisation	**(2,126)**
Net carrying amount	**567**
At 1 January 2024, net of accumulated amortisation	**567**
Amortisation provided during the year	**(513)**
At 31 December 2024, net of accumulated amortisation	**54**
At 31 December 2024:	
Cost	**2,693**
Accumulated amortisation	**(2,639)**
Net carrying amount	**54**
31 December 2023	
At 1 January 2023:	
Cost	2,693
Accumulated amortisation	(1,278)
Net carrying amount	1,415
At 1 January 2023, net of accumulated amortisation	1,415
Amortisation provided during the year	(848)
At 31 December 2023, net of accumulated amortisation	567
At 31 December 2023:	
Cost	2,693
Accumulated amortisation	(2,126)
Net carrying amount	567

17. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Non-current:		
Value-added tax recoverable	**20,536**	16,137
Rental deposits	**311**	523
	20,847	16,660
Current:		
Prepayments for research and development services	**3,643**	5,308
Deferred share issue costs	**4,783**	6,053
Other prepayments	**457**	824
Bank interest receivable	**1,715**	4,036
Other receivables	**54**	54
Rental deposits	**532**	697
	11,184	16,972

The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

18. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	**203,587**	347,782
Denominated in		
RMB	**138,106**	190,035
USD	**62,258**	153,065
TWD	**2,086**	4,230
Hong Kong dollar ("HKD")	**1,137**	452
	203,587	347,782

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

19. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	**835**	669
Accrued expenses for research and development services	**9,316**	8,078
Salary and discretionary bonus payables	**12,100**	13,316
Other payables	**4,792**	2,590
Accrued listing expenses	**9,075**	11,077
Other taxes payable	**2,670**	1,852
	38,788	37,582

An ageing analysis of the trade payables and the trade payables due to related parties as at the end of the reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Trade payables		
Within 3 months	**835**	669
Trade payables to a related party *(Note 25(b))*		
Within 3 months	**10,281**	339

Trade and other payables are unsecured and non-interest-bearing. The carrying amounts of financial liabilities included in trade and other payables as at the end of the reporting period approximated to their fair values due to their short-term maturities.

20. SHARE CAPITAL AND TREASURY SHARES

The Company was incorporated on 1 November 2018 with authorised share capital of USD50,000 divided into 500,000,000 ordinary shares with a par value of USD0.0001 each.

On 7 November 2018, the authorised share capital of the Company was changed to USD50,000 divided into: (i) 420,000,000 ordinary shares, and (ii) 80,000,000 Series A Preferred Shares, with a par value of USD0.0001 each.

On 8 January 2021, the authorised share capital of the Company was changed to USD50,000 divided into: (i) 386,363,636 ordinary shares, (ii) 20,000,000 non-voting ordinary shares, (iii) 80,000,000 Series A Preferred Shares, and (iv) 13,636,364 Series B Preferred Shares, with a par value of USD0.0001 each.

On 16 November 2022, the authorised share capital of the Company was changed to USD50,000 divided into: (i) 397,023,136 ordinary shares, (ii) 9,340,500 non-voting ordinary shares, (iii) 80,000,000 Series A Preferred Shares, and (iv) 13,636,364 Series B Preferred Shares, with a par value of USD0.0001 each.

All convertible preferred shares were automatically converted into ordinary shares on a one for one basis by the re-designation upon the successful initial public offering on 21 March 2025.

Issued and fully paid share capital:

	As at 1 January 2023, 31 December 2023 and 31 December 2024		
	Number of shares in issue	Share capital	
		USD'000	RMB'000
Non-voting ordinary shares of USD0.0001 each	9,340,500	1	6
Series A Preferred Shares of USD0.0001 each	80,000,000	8	55
Series B Preferred Shares of USD0.0001 each	13,636,364	1	9
	102,976,864	10	70

Treasury shares:

	Number of shares	Treasury shares
		RMB'000
As at 1 January 2023, 31 December 2023 and 31 December 2024	9,340,500	6

20. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Preferred shares

On 7 November 2018, the Company issued 80,000,000 Series A convertible preferred shares ("Series A Preferred Shares") to the investors of the Company at a price of USD1.00 per share with a par value of USD0.0001 each. The difference between the issue price and the par value of the shares issued amounting to USD79,992,000 (equivalent to RMB552,465,000) was recognised as share premium.

On 8 January 2021, the Company issued 13,636,364 series B convertible preferred shares ("Series B Preferred Shares") to the series B investors of the Company at a price of USD11.00 per share with a par value of USD0.0001 each. The difference between the issue price and the par value of the shares issued amounting to USD149,998,640 (equivalent to RMB970,788,000) was recognised as share premium.

Series A Preferred Shares and Series B Preferred Shares ("Preferred Shares") are accounted for as equity. The details of Series A Preferred Shares and Series B Preferred Shares are set out as follows:

Conversion features

Each holder of Preferred Shares shall have the right, at such holder's sole discretion, at any time after the date of issuance, to convert Preferred Shares into such number of fully paid ordinary shares as determined by dividing the relevant issue price by the then-effective conversion price. The conversion prices for Preferred Shares are initially the respective Preferred Shares subscription prices, resulting in an initial conversion ratio of 1:1, and shall be subject to adjustments to reflect share dividends, share splits, recapitalisation and other value adjustment events.

Each of the Preferred Shares shall automatically be converted into ordinary shares upon the closing of a firm-commitment underwritten initial public offering by the Company of its ordinary shares or a reverse merger of the Company with a listed company, on a reputable securities exchange for a minimum offering price as required by shareholders.

20. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Preferred shares (Continued)

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary or the consummation of a Deemed Liquidation Event (as defined below), all assets and funds of the Company legally available for distribution to the shareholders of the Company (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the holders of Preferred Shares with an amount equal to the greater of (i) one times the applicable Preferred Share issue price, plus all declared but unpaid dividends thereon, and (ii) such amount per share as would have been payable had all Preferred Shares been converted into ordinary shares immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event ("Preference Amount").

If there are any assets or funds remaining after the aggregate Preferred Shares have been distributed or paid fully, the remaining assets and funds of the Company legally available for distribution shall be distributed among all holders of the ordinary shares and the non-voting ordinary shares, in proportion to the number of ordinary shares held by such holders (assuming the conversion of all non-voting ordinary shares into ordinary shares).

The following events (each a "Deemed Liquidation Event") shall be deemed a liquidation, dissolution or winding up of the Company unless the holders of (i) at least sixty percent of the outstanding Series A Preferred Shares and (ii) at least fifty percent of the outstanding Series B Preferred Shares elect otherwise, (i) any acquisition, sale of shares, merger, consolidation or other similar transaction involving any subsidiary in which its shareholders do not retain a majority of the voting power in the surviving entity or the parent of the surviving entity (except any transaction effected solely to change the subsidiary's domicile); or (ii) any sale, lease, transfer, exclusive license or disposition by the Company or any subsidiary of all or substantially all the assets or intellectual property of the subsidiaries, taken as a whole.

Based on the features of the Preferred Shares set out above, the Preferred Shares include no contractual obligation: (i) to deliver a variable number of its own equity instruments; or (ii) to deliver cash or another financial asset to the holders of Preferred Shares; or (iii) to exchange financial assets or financial liabilities with the holders of Preferred Shares under conditions that are potentially unfavourable to the Company. Accordingly, the Preferred Shares are recognised as equity.

21. RESERVES

The amounts of the Group's reserves and the movements therein attributable to owners of the Company are presented in the consolidated statement of changes in equity on page 128 of the financial statements.

Share premium

The share premium of the Group represents the difference between the issue price of convertible preferred shares and the par value of the shares issued. The Company can allot and issue shares by capitalising from the amount standing to the credit of the share premium account of the Company.

22. SHARE-BASED PAYMENTS

The Company adopted an equity incentive plan (the "Equity Incentive Plan") on 29 April 2019, as amended and restated by the Company on 8 January 2021 and 10 March 2021, respectively, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the Equity Incentive Plan may include any officer, directors, employees of the Company, and any individual consultants or advisors who render or have rendered bona fide services to the Company. The Equity Incentive Plan will automatically terminate on 28 April 2029.

In March 2021, the Company allotted and issued a total of 20,000,000 non-voting ordinary shares of the Company under the Equity Incentive Plan to certain special purpose vehicles in order to facilitate the administration of the plan. On 15 November 2022, the Company entered into share surrender agreements, pursuant to which 10,659,500 non-voting ordinary shares of the Company were surrendered and cancelled for no consideration. On 15 March 2021, 30 August 2021, and 17 March 2022, the Company has granted restricted share units to 45, 5, and 11 grantees to subscribe for aggregates of 6,340,000, 1,180,000, and 340,000 shares under the Equity Incentive Plan, respectively. These granted restricted share units will be vested in accordance with certain service conditions and non-market performance conditions. The subscription prices for the restricted share units are all nil.

The restricted share units granted to grantees shall vest and become exercisable as to 25% of the total number of restricted share units granted on the first anniversary of the vesting commencement date, and the remaining 25%, 25% and 25% of the total number of the restricted share units granted shall vest and become exercisable on the second, third and fourth anniversaries of the vesting commencement date.

In addition to time-based vesting condition, the number of restricted share units which shall vest also depends on the performance targets, including completion of public offering, commercialisation of products, local manufacturing, total sales and net profit target achieved by the Group during the vesting period.

22. SHARE-BASED PAYMENTS (CONTINUED)

The following restricted share units were outstanding under the Equity Incentive Plan during the year:

	Number of restricted share units
As at 1 January 2023	7,642,500
Forfeited during 2023	(1,167,500)
As at 31 December 2023 and 1 January 2024	6,475,000
Forfeited during the year	(20,000)
As at 31 December 2024	**6,455,000**

During the year ended 31 December 2024, share-based payment expenses of RMB32,773,000 were charged to profit or loss. During the year ended 31 December 2023, share-based payment expenses of RMB12,266,000 were credited to profit or loss mainly due to forfeiture of 1,167,500 restricted share units granted to retired and resigned employees.

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets of RMB1,636,000 (2023: RMB2,872,000) and non-cash additions to lease liabilities of RMB1,636,000 (2023: RMB2,872,000), respectively, in respect of lease arrangements for office premises.

23. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities

	Accrued listing expense included in other payables RMB'000	Lease liabilities RMB'000
At 1 January 2023	7,964	5,996
Changes from financing cash flows	(2,007)	(4,945)
Changes from operating cash flows	(11,544)	–
Termination of a lease contract	–	(591)
Accrued listing expenses	16,280	–
Deferred share issue costs	384	–
Accretion of interest	–	317
New leases	–	2,872
At 31 December 2023 and 1 January 2024	11,077	3,649
Changes from financing cash flows	–	(3,089)
Changes from operating cash flows	(18,097)	–
Accrued listing expenses	17,365	–
Deferred share issue costs	(1,270)	–
Accretion of interest	–	161
New leases	–	1,636
At 31 December 2024	**9,075**	**2,357**

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**467**	344
Within financing activities	**3,089**	4,945
	3,556	5,289

24. COMMITMENTS

At the end of the reporting period, the Group did not have any significant contractual commitments.

25. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year:

	2024 RMB'000	2023 RMB'000
Purchases of goods and cost sharing		
Ascendis Pharma Endocrinology Division A/S ("Ascendis Pharma Endocrinology") *(note i)*	**4,589**	8,451
Ascendis Pharma Bone Diseases A/S ("Ascendis Pharma Bone Diseases") *(note i)*	**3,310**	451
Ascendis Pharma Growth Disorders A/S ("Ascendis Pharma Growth Disorders") *(note i)*	**–**	243
	7,899	9,145
Purchases of services		
Ascendis Pharma Endocrinology	**16,028**	9,261
Ascendis Pharma Growth Disorders	**9,060**	3,059
Ascendis Pharma Bone Diseases	**136**	895
	25,224	13,215
Loss from a discontinued procurement contract		
Ascendis Pharma Endocrinology *(note ii)*	**–**	109,006

The purchases of goods and services from the related parties were made according to the published prices and conditions agreed by the Group and the related parties.

Note:

(i) Ascendis Pharma Endocrinology, Ascendis Pharma Growth Disorders and Ascendis Pharma Bone Diseases are wholly-owned subsidiaries of Ascendis Pharma A/S ("Ascendis Pharma"). Ascendis Pharma had significant influence on the Group as at 31 December 2024 and 2023.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) The Group had the following transactions with related parties during the year: (Continued)

Note: (continued)

(ii) In August 2022, the Group entered into a commitment and prepayment agreement (the "Agreement") with Ascendis Pharma Endocrinology to purchase reserved drug substance. In September 2022, the Group prepaid Euro ("EUR") 10,000,000 (equivalent to RMB69,171,000) to Ascendis Pharma Endocrinology and recorded prepayment of RMB69,171,000 as of 31 December 2022. In February 2023, the Group exercised its right to cancel its commitment to purchase the reserved drug substance under the Agreement due to the change of its commercial supply strategy. The total loss resulting from the cancellation was EUR15,540,000 (equivalent to RMB109,006,000), comprising of (i) write-off of the prepayment of EUR10,000,000 (equivalent to RMB69,171,000) and (ii) additional cancellation loss of EUR5,540,000 (equivalent to RMB39,835,000), which was settled in December 2023.

(b) Outstanding balances with related parties:

	2024	2023
	RMB'000	RMB'000
Amounts due to related parties:		
Trade payables		
– Ascendis Pharma Endocrinology	**3,900**	230
– Ascendis Pharma Bone Diseases	**3,229**	–
– Ascendis Pharma Growth Disorders	**3,152**	109
	10,281	339
Accrued expenses		
– Ascendis Pharma Endocrinology	**942**	6,785
– Ascendis Pharma Bone Diseases	**–**	401
– Ascendis Pharma Growth Disorders	**180**	1,265
	1,122	8,451
	11,403	8,790
Amounts advanced to a related party:		
Current:		
– Ascendis Pharma Endocrinology	**7,802**	9,367
Non-current:		
– Ascendis Pharma Endocrinology	**39,193**	39,193

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties: (Continued)

Amounts advanced to a related party were related to prepayments for purchase of goods or services, which are trade in nature, unsecured and non-interest-bearing.

Amounts due to related parties are trade in nature, unsecured, non-interest-bearing and repayable on demand. The carrying amounts of amounts due to related parties as at the end of the reporting period approximated to their fair values due to their short-term maturities.

(c) Compensation of key management personnel of the Group

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**9,075**	8,161
Discretionary bonuses	**4,329**	4,298
Independent non-executive directors' fees	**1,104**	1,080
Pension scheme contributions	**161**	33
Share-based payment expenses/(credits)	**30,629**	(5,372)
	45,298	8,200

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at amortised cost RMB'000
Financial assets included in prepayments and other receivables	**2,612**
Cash and cash equivalents	**203,587**
	206,199

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in trade and other payables	**24,018**
Amounts due to related parties	**11,403**
	35,421

26. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023

Financial assets

	Financial assets at amortised cost RMB'000
Financial assets included in prepayments and other receivables	5,310
Cash and cash equivalents	347,782
	353,092

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Financial liabilities included in trade and other payables	22,414
Amounts due to related parties	8,790
	31,204

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

All the carrying amounts of the Group's financial instruments are those with carrying amounts that reasonably approximate to fair values. Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments and other receivables (in the current portion), financial liabilities included in trade and other payables, amounts due to related parties and lease liabilities (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group did not have any financial assets or liabilities, other than stated above, measured at fair value at the end of the reporting period.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from 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 foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in loss before tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
2024			
If RMB weakens against USD	**5**	**(3,130)**	**3,130**
If RMB strengthens against USD	**(5)**	**3,130**	**(3,130)**
If RMB weakens against EUR	**5**	**570**	**(570)**
If RMB strengthens against EUR	**(5)**	**(570)**	**570**
If RMB weakens against HKD	**5**	**(44)**	**44**
If RMB strengthens against HKD	**(5)**	**44**	**(44)**
If RMB weakens against TWD	**5**	**(103)**	**103**
If RMB strengthens against TWD	**(5)**	**103**	**(103)**
2023			
If RMB weakens against USD	5	(7,698)	7,698
If RMB strengthens against USD	(5)	7,698	(7,698)
If RMB weakens against EUR	5	439	(439)
If RMB strengthens against EUR	(5)	(439)	439
If RMB weakens against HKD	5	(11)	11
If RMB strengthens against HKD	(5)	11	(11)
If RMB weakens against TWD	5	(209)	209
If RMB strengthens against TWD	(5)	209	(209)

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

For financial assets included in prepayments and other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

As at the end of the reporting period, cash and cash equivalents were deposited in financial institutions with good credit ratings and without significant credit risk.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting period.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments and other receivables – normal	**2,612**	**–**	**–**	**2,612**
Cash and cash equivalents – not yet past due	**203,587**	**–**	**–**	**203,587**
	206,199	**–**	**–**	**206,199**

As at 31 December 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments and other receivables – normal	5,310	–	–	5,310
Cash and cash equivalents – not yet past due	347,782	–	–	347,782
	353,092	–	–	353,092

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2024			
	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Amounts due to related parties	**11,403**	**–**	**–**	**11,403**
Financial liabilities included in trade and other payables	**24,018**	**–**	**–**	**24,018**
Lease liabilities	**–**	**2,048**	**363**	**2,411**
	35,421	**2,048**	**363**	**37,832**

	As at 31 December 2023			
	On demand RMB'000	Less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Amounts due to related parties	8,790	–	–	8,790
Financial liabilities included in trade and other payables	22,414	–	–	22,414
Lease liabilities	–	2,682	1,117	3,799
	31,204	2,682	1,117	35,003

28. 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 reporting periods.

29. EVENTS AFTER THE REPORTING PERIOD

(a) In February 2025, the Company allotted and issued 330,000 non-voting ordinary shares of the Company under the Equity Incentive Plan for no consideration to VP EIP US LIMITED in order to facilitate the administration of the plan. Meanwhile, the Company entered into share surrender agreement with VP EIP NUS LIMITED, pursuant to which 765,000 non-voting ordinary shares of the Company were surrendered and cancelled for no consideration.

(b) In March 2025, the Company granted restricted share units to certain grantees to subscribe for an aggregate of 2,478,000 shares of the Company under the Equity Incentive Plan.

(c) On 21 March 2025, the Company was successfully listed on the Stock Exchange following the completion of the issue of 11,385,000 shares at the price of HKD68.80 per share.

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**1,354,372**	1,192,898
Total non-current assets	**1,354,372**	1,192,898
CURRENT ASSETS		
Prepayments and other receivables	**5,871**	9,477
Cash and cash equivalents	**92,669**	232,841
Total current assets	**98,540**	242,318
CURRENT LIABILITIES		
Accruals and other payables	**9,267**	11,267
Total current liabilities	**9,267**	11,267
NET CURRENT ASSETS	**89,273**	231,051
Net assets	**1,443,645**	1,423,949
EQUITY		
Share capital	**70**	70
Treasury shares	**(6)**	(6)
Reserves	**1,443,581**	1,423,885
Total equity	**1,443,645**	1,423,949

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Reserves			
	Share premium RMB'000	**Share reward reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2023	1,523,253	311,169	(384,432)	1,449,990
Loss and total comprehensive loss for the year	–	–	(13,839)	(13,839)
Equity-settled share-based payment	–	(12,266)	–	(12,266)
At 31 December 2023 and 1 January 2024	1,523,253	298,903	(398,271)	1,423,885
Loss and total comprehensive loss for the year	**–**	**–**	**(13,077)**	**(13,077)**
Equity-settled share-based payment	**–**	**32,773**	**–**	**32,773**
At 31 December 2024	**1,523,253**	**331,676**	**(411,348)**	**1,443,581**

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 April 2025.

DEFINITIONS

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted by a special resolution passed on March 8, 2025 with effect from the Listing Date, a summary of which is set forth in "Summary of the Constitution of the Company" in Appendix III to the Prospectus
"Ascendis Pharma"	a group of entities comprised of Ascendis Pharma A/S, Ascendis Pharma Bone Diseases, Ascendis Pharma Endocrinology Division and Ascendis Pharma Growth Disorders (or certain member/members of the group, where the context otherwise requires)
"Ascendis Pharma A/S"	a company registered in Denmark on September 21, 2006, a biopharmaceutical company listed on the Nasdaq (Ticker Symbol: ASND) since January 2015, and one of our Controlling Shareholders
"Ascendis Pharma Bone Diseases"	Ascendis Pharma Bone Diseases A/S, a company registered in Denmark on June 29, 2012, a wholly-owned subsidiary of Ascendis Pharma A/S, and one of our Controlling Shareholders
"Ascendis Pharma Endocrinology Division"	Ascendis Pharma Endocrinology Division A/S, a company registered in Denmark on June 29, 2012, a wholly-owned subsidiary of Ascendis Pharma A/S, and one of our Controlling Shareholders
"Ascendis Pharma Growth Disorders"	Ascendis Pharma Growth Disorders A/S, a company registered in Denmark on June 29, 2012, a wholly-owned subsidiary of Ascendis Pharma A/S, and one of our Controlling Shareholders
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Auditor"	Ernst & Young, the auditor of the Company
"Board"	the board of directors of our Company

DEFINITIONS

"China", or "the PRC"	the People's Republic of China, and for the purposes of this annual report only, except where the context requires otherwise, references to China or the PRC exclude the special administrative regions of Hong Kong and Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	VISEN Pharmaceuticals, an exempted company with limited liability incorporated in the Cayman Islands on November 1, 2018, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2561)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Ascendis Pharma A/S and its wholly-owned subsidiaries, Ascendis Pharma Endocrinology Division, Ascendis Pharma Growth Disorders and Ascendis Pharma Bone Diseases and Vivo Plenilune IX Limited, Vivo Capital IX (Cayman), LLC., and Vivo Capital Fund IX (Cayman), L.P.
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Global Offering"	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
"Group", "our Group", "the Group", "we", "us", or "our"	the Company and its subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company or an associate of such person within the meaning ascribed to it under the Listing Rules
"Latest Practicable Date"	April 18, 2025, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	March 21, 2025, the date on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted by a special resolution passed on March 8, 2025, with effect from the Listing Date
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"Nomination Committee"	the nomination committee of the Company

DEFINITIONS

"Post-IPO Share Award Scheme"	the post-IPO share award scheme as adopted by the Board on November 8, 2022 and approved by the Shareholders on November 16, 2022
"Prospectus"	the prospectus of the Company dated March 13, 2025
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	year ended December 31, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with par value of US$0.0001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars", "U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States

DEFINITIONS

"VISEN BVI"	VISEN Pharmaceuticals (BVI) Limited, a company incorporated under the laws of the BVI on November 9, 2020, and a wholly-owned subsidiary of the Company
"VISEN HK"	VISEN Pharmaceuticals HK Limited, a company incorporated under the laws of Hong Kong on November 13, 2018, and a wholly-owned subsidiary of the Company
"VISEN Shanghai"	VISEN Pharmaceuticals (Shanghai) Co., Ltd. (維昇藥業(上海)有限公司), a company established in the PRC with limited liability on February 15, 2019 and an indirectly wholly-owned subsidiary of our Company
"VISEN Suzhou"	VISEN Pharmaceuticals (Suzhou) Co., Ltd. (維昇藥業(蘇州)有限公司), a company established in the PRC with limited liability on June 11, 2021 and an indirectly wholly-owned subsidiary of our Company
"VISEN Taiwan"	VISEN Pharmaceuticals (Taiwan) Ltd. (台灣維昇藥業有限公司), a company established in Taiwan with limited liability on December 28, 2021 and an indirectly wholly-owned subsidiary of our Company
"WuXi Biologics"	WuXi Biologics (Shanghai) Co., Ltd. (上海藥明生物技術有限公司), a limited liability company established in the PRC on January 6, 2015, a wholly-owned subsidiary of WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司), an exempted company incorporated with limited liability in the Cayman Islands on February 27, 2014, with its shares being listed on the Main Board of the Stock Exchange (HKEx stock code: 2269)
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

"ACH"	Achondroplasia, a form of short-limbed dwarfism, manifested by the disorder of bone growth that prevents the changing of cartilage, particularly in the long bones of the arms and legs, to bone
"AHV"	annualized height velocity
"BLA"	biologics license application used to apply for regulatory approval to market and commercialize a biologic product
"CDE"	Center for Drug Evaluation of NMPA (國家藥品監督管理局藥品審評中心), a division of the NMPA mainly responsible for review and approval of IND and NDA
"CDMO"	contract development and manufacturing organization
"clinical trial" or "clinical study"	any investigation in human subjects intended to discover or verify the clinical, pharmacological and/or other pharmacodynamic effects of an investigational product(s), and/or to identify any adverse reactions to an investigational product(s), and/or to study absorption, distribution, metabolism, and excretion of an investigational product(s) with the object of ascertaining its safety and/or efficacy
"CNP"	C-type natriuretic peptide, the paracrine element of the natriuretic peptide axis which complements the endocrine actions of atrial natriuretic peptide and brain natriuretic peptide
"Core Product"	our "core product" as defined under Chapter 18A of the Listing Rules, namely lonapegsomatropin
"double-blind"	a phase in clinical trial where neither the patients nor the researchers know who is receiving a placebo and who is getting the treatment in which the objective is primarily to prevent bias and ensure the validity of the results
"endpoint"	with respect to a clinical study or trial, the outcome that is measured, whether referring to occurrence of disease, symptom, sign or laboratory abnormality constituting a target outcome, in which case "endpoint" will be preceded by the outcome term, such as in "clinical remission endpoint" or "maintenance therapy endpoint
"GHD"	growth hormone deficiency, a condition caused by insufficient amounts of growth hormone in human body
"hGH"	human growth hormone, a small protein that is made by the pituitary gland and secreted into the bloodstream. hGH production is controlled by a complex set of hormones produced in the hypothalamus of the brain and in the intestinal tract and pancreas

GLOSSARY OF TECHNICAL TERMS

"HP"	Hypoparathyroidism, a syndrome of abnormal calcium and phosphorus metabolism caused by underproduction or defective function of PTH
"Import BLA"	biologics license application used to apply for regulatory approval to market and commercialize a biologic product manufactured and imported from overseas
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China
"indication"	a known disease or condition/symptoms which makes a particular prevention, diagnosis, or medicinal product advisable
"Local BLA"	biologics license application used to apply for regulatory approval to market and commercialize a biologic product manufactured locally
"NDA"	new drug application, submission of which is the vehicle through which drug sponsors formally propose that the relevant drug regulatory authority approve a new pharmaceutical for sale and marketing in accordance with local rules and regulations
"NMPA"	National Medical Products Administration (國家藥品監督管理局), the successor of the China Food and Drug Administration (國家食品藥品監督管理總局) (the "**CFDA**"), the State Food and Drug Administration (國家食品藥品監督管理局) (the "**SFDA**") and the State Drug Administration (國家藥品監督管理局) (the "**SDA**")
"OLE"	open-label extension, a type of clinical study that typically follows a double-blind randomized placebo controlled trial of a new drug in which the objective is primarily to gather information about safety and tolerability of the new drug in long-term, day to day use
"PGHD"	pediatric growth hormone deficiency
"Phase 1"	it is usually a human pharmacological test during early clinical studies. The first administration of the investigational product to humans is at this stage. These studies may be performed in healthy volunteers or in patient populations affected by a condition or disease, depending on the characteristics of the drug and the purpose of the development program. Such studies are generally intended to address one or more of the following: preliminary safety and tolerability assessments, pharmacokinetics, pharmacodynamics, and early determination of drug activity

GLOSSARY OF TECHNICAL TERMS

"Phase 2"	to investigate the safety and efficacy of the drug in specific patient groups as an exploratory study. In addition, the objectives of the exploratory studies were to refine the effective dose and regimen, refine the definition of the target population, ensure robustness of the drug safety profile, and include evaluation of potential study endpoints adopted in subsequent studies. Exploratory studies can provide information on identifying and identifying factors that influence treatment effectiveness, combined with modeling and simulation, and help support subsequent confirmatory study designs
"Phase 3"	also called confirmatory studies, they are intended to confirm preliminary evidence accumulated in early clinical studies about the safety and effectiveness of a drug in the intended use and population. Confirmatory studies are generally designed to provide a sufficient basis for marketing approval of a drug and to provide adequate instructions for the use of the drug and officially published drug product information
"pivotal trial" or "pivotal study"	a clinical study seeking to demonstrate the efficacy of a new drug in order to obtain its marketing approval by regulatory authorities
"primary endpoint"	with respect to a clinical study or trial, the main predefined result that is measured at the end of a study (e.g., the number of deaths or the difference in survival between the treatment group and the control group)
"PTH"	Parathyroid hormone, a polypeptide that is synthesized and cleaved into an active form within the parathyroid gland
"receptor"	a region of tissue, or a molecule in a cell membrane, which responds specifically to a particular signal, that is any of a neurotransmitter, hormone, antigen, or other substance. "Receptor modulator" or a "selective receptor modulator" (SRM) is a type of drug that has different effects in different tissues, as it may behave as an agonist in some tissues but as an antagonist in others
"secondary endpoint"	with respect to a clinical study or trial, a secondary objective that was measured. For example, a drug designed to prevent allergy-related deaths might also have a measure of whether quality of life is improved
"tolerability"	the degree to which overt adverse events of a drug can be tolerated by a patient. Tolerability of a particular drug can be discussed in a general sense, or it can be a quantifiable measurement as part of a clinical study


VISEN